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TRANS-CANADA PIPE LINES LIMITED

FINANCING DOCUMENTS

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TRANS-CANADA PIPE LINES LIMITED

FINANCING DOCUMENTS

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1. Prospectus covering offering of units comprised of one Subordinated Debenture \$100. principal amount and five Common Shares. Date of Prospectus, February 13, 1957. (The copy of Prospectus included in this volume is the United States Prospectus. The United States and Canadian Prospectuses are identical with the exception of the cover page. The U. S. Prospectus is used in this instance for the reason that it is printed on letter-size paper, whereas the Canadian Prospectus was printed on cap-size paper).
2. Conformed copy of Bond Purchase Agreement entered into with 63 Bond Purchasers with reference to the issuance of an aggregate amount of \$124,000,000. First Mortgage Pipe Line Bonds. Each Bond Purchase Agreement is dated February 11, 1957.
3. Conformed copy of Deed of Trust and Mortgage, dated as of January 1, 1957, in favour of National Trust Company, Limited, as Trustee, securing the First Mortgage Pipe Line Bonds.
4. Conformed copy of Bank Credit Agreement, dated as of February 11, 1957, with The First National City Bank of New York, Mellon National Bank and Trust Company and J. P. Morgan and Co. Incorporated, providing for a bank loan of \$20,000,000. secured by the pledge of a like amount of First Mortgage Pipe Line Bonds.
5. Conformed copy of Deposit Agreement, dated as of January 1, 1957, between Trans-Canada and Montreal Trust Company, providing for the deposit of 3,750,000 Common Shares being the Shares comprised in the Unit Issue.
6. Conformed copy of Indenture, dated as of January 1, 1957, to Montreal Trust Company, as Trustee, providing for issue of units comprised of Subordinated Debentures and Common Stock.
7. Conformed copy of Voting Trust Agreement, dated as of January 1, 1957, between certain shareholders, seven named individuals and Montreal Trust Company.
8. Conformed copy of Note Purchase Agreement, dated as of January 1, 1957, providing for the terms of issue of \$21,000,000. of Subordinated Convertible Income Notes.

TRANS-CANADA PIPE LINES LIMITED

\$23,010,000 First Mortgage Pipe Line Bonds

5½% Series due October 1, 1978 (Canadian Series)

\$100,990,000 First Mortgage Pipe Line Bonds

5¼% Series due October 1, 1978 (United States Series)

Separate agreements in the form attached were entered into between Trans-Canada Pipe Lines Limited and each of the 63 Purchasers named below. Each of such agreements was executed on behalf of Trans-Canada Pipe Lines Limited by A. P. Craig, Vice President. The separate agreements were addressed to and executed by officers of the respective Purchasers as shown below:

METROPOLITAN LIFE INSURANCE COMPANY
One Madison Avenue
New York, New York
Attention: Mr. Otto Fleig

by: OTTO J. FLEIG
Assistant Vice-President

GREENE F. JOHNSON
Associate General Counsel

THE PRUDENTIAL INSURANCE CO. OF AMERICA
763 Broad Street
Newark, New Jersey
Attention: Mr. Norman Mansfield

by: MONROE CHAPPELEAR
Vice President

SUN LIFE ASSURANCE COMPANY OF CANADA
Sun Life Building
Montreal, Quebec
Attention: Mr. Alexander

by: J. S. B. PEMBERTON
For President

R. L. MACKINNON
For Secretary

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
720 East Wisconsin Avenue
Milwaukee 2, Wisconsin
Attention: Bond Department

by: D. C. SLICHTER
Vice President

THE FIRST NATIONAL CITY BANK OF NEW YORK, Agent
55 Wall Street
New York 5, New York

by: FLOYD D. FROST
Vice President

THE CANADIAN BANK OF COMMERCE
25 King St. West
Toronto, Ontario
Attention: Manager of Investment Department

by: TED L. AVISON
General Manager

THE ROYAL BANK OF CANADA
360 St. James St. West
Montreal, Quebec
Attention: Manager of Investment Department

by: F. E. CASE
Supervisor of Investments

CONTINENTAL OIL COMPANY
1300 Main Street
Houston 2, Texas
Attention: Mr. L. C. Peters

by: LOVETT C. PETERS
Vice President

TENNESSEE GAS TRANSMISSION COMPANY
Commerce Building
Houston, Texas
Attention: Mr. Cecil C. Johnson

by: CECIL C. JOHNSON
Vice President and Treasurer

CANADIAN DELHI OIL LTD.
Corrigan Tower
Dallas, Texas
Attention: Mr. Frank A. Schultz

by: P. T. BEE
Vice President

THE CANADA LIFE ASSURANCE COMPANY
330 University Avenue
Toronto, Ontario
Attention: Mr. W. E. C. Martin

by: G. D. SAUNDERS
Assistant Treasurer

NORTH AMERICAN LIFE ASSURANCE COMPANY
112 King St. West
Toronto, Ontario
Attention: Manager of Investment Department

by: D. W. PRETTY
Assistant Treasurer

THE BRITISH AMERICAN OIL COMPANY LIMITED
800 Bay Street
Toronto 15, Ontario, Canada
Attention: Mr. E. D. Loughney

by: E. D. LOUGHNEY
Vice President

E. J. CARTER
Secretary

CONFEDERATION LIFE ASSOCIATION
321 Bloor St. East
Toronto 5, Ontario
Attention: Manager of Investment Department

by: B. T. HOLMES
Vice-President

F. B. BROOKS-HILL
Associate Treasurer

THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA
Waterloo, Ontario
Attention: Manager of Investment Department

by: J. H. LUXTON
Assistant General Manager and Treasurer

THE TORONTO-DOMINION BANK
55 King St. West
Toronto 1, Ontario
Attention: Manager of Investment Department

by: J. W. AYLWARD
Supervisor of Investments

THE CANADIAN BANK OF COMMERCE PENSION FUND
25 King St. West
Toronto, Ontario
Attention: Manager of Investment Department

by: F. J. MONTLE
Treasurer

C. A. L. WATTS
Secretary

THE GREAT-WEST LIFE ASSURANCE COMPANY
Great-West Life Building
Winnipeg, Manitoba
Attention: Manager of Investment Department

by: W. S. M. LANG
Associate Treasurer

IMPERIAL LIFE ASSURANCE COMPANY OF CANADA
20 Victoria St.
Toronto, Ontario
Attention: Manager of Investment Department

by: R. A. PERIGOE
Treasurer

THE MANUFACTURERS LIFE INSURANCE COMPANY
200 Bloor St. East
Toronto, Ontario
Attention: Mr. S. S. T. Beauregard

by: S. S. T. BEAUREGARD
Associate Treasurer

MONTREAL TRUST COMPANY
511 Place d'Armes
Montreal, Quebec
Attention: Manager of Investment Department

by: S. A. COBBETT
Assistant General Manager

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK
1740 Broadway
New York, New York
Attention: Mr. Montel M. Packie

by: MONTEL M. PACKIE
Director of Investments

NORTHWESTERN NATIONAL BANK OF MINNEAPOLIS
Trust Department
Minneapolis, Minnesota
Attention: Mr. Henry Egan

by: H. G. OLSON
Trust Officer and Ass't Secretary

NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY
Box 929
Minneapolis, Minnesota
Attention: Mr. Donald E. Jondahl
[SEAL]

by: R. W. ANDERSON
Vice President

Attest: D. E. JONDAHL
Ass't Secretary

PACIFIC MUTUAL LIFE INSURANCE COMPANY
523 West 6th Street
Los Angeles 55, California
Attention: Mr. Allen D. Harper

by: ALLEN D. HARPER
Vice President

YALE UNIVERSITY
105 Wall Street
New Haven, Connecticut
Attention: Mr. Horace F. Isleib

by: HORACE F. ISLEIB
Associate Treasurer

CROWN LIFE INSURANCE COMPANY
120 Bloor St. East
Toronto, Ontario
Attention: Mr. G. M. Wilson

by: W. D. STEWART
Vice-President and Treasurer

F. W. HILL
Vice-President and Managing Director

INDEPENDENT ORDER OF FORESTERS
590 Jarvis St.
Toronto, Ontario
Attention: Manager of Investment Department

by: C. D. MCCREARY
General Treasurer

INTERNATIONAL UTILITIES CORPORATION
44 Wall Street
New York, N. Y.
Attention: Mr. E. M. Butler

by: E. M. BUTLER
Vice President

THE MONARCH LIFE ASSURANCE COMPANY
Winnipeg, Manitoba
Attention: Manager of Investment Department

by: A. E. TARR
Assistant General Manager and Treasurer

NATIONAL TRUST COMPANY, LIMITED
20 King St. East
Toronto, Ontario
Attention: Manager of Investment Department

by: E. H. AINLAY
Secretary-Treasurer
G. D. FORSYTH
Assistant Secretary-Treasurer

THE PENSION FUND SOCIETY OF THE ROYAL BANK OF
CANADA
360 St. James St. West
Montreal, Quebec
Attention: Manager of Investment Department

by: F. E. CASE
Treasurer

AMERICAN NATIONAL INSURANCE COMPANY
Moody Avenue at Market Street
Galveston, Texas
Attention: Mr. Charles E. Brown

by: K. I. FOSDICK
Vice President and Treasurer

BANK OF MONTREAL
119 St. James St. West
Montreal 1, Quebec
Attention: Manager of Investment Department

by: W. T. G. HACKETT
Assistant General Manager

BANK OF MONTREAL
Main Office, Toronto
King & Bay Streets
Toronto, Ontario
Attention: Manager of Investment Department

by: R. B. MACFARLANE
Assistant Manager

THE EXCELSIOR LIFE INSURANCE COMPANY
36 Toronto St.
Toronto, Ontario
Attention: Manager of Investment Department

by: ALEX P. JOHNSTON
Treasurer
M. S. CROCKFORD
Secretary

THE ROYAL TRUST COMPANY
105 St. James St. West
Montreal, Quebec
Attention: Manager of Investment Department

by: GEORGE B. CRANSTOUN
Assistant Manager
E. ALLAN M. EDSON
Assistant Secretary

THE STANDARD LIFE ASSURANCE COMPANY OF CANADA
Post Office Box 250
Station H
Montreal, Quebec
Attention: Manager of Investment Department

by: ROBERT THOMPSON
Assistant Manager and Secretary

THE UNITED STATES LIFE INSURANCE COMPANY IN THE
CITY OF NEW YORK
84 William Street
New York 38, New York
Attention: Mr. William Iglehart

by: WILLIAM C. BATCHELDER
Vice President and Treasurer

CENTRAL LIFE ASSURANCE COMPANY
611 Fifth Avenue
Des Moines 6, Iowa
Attention: Mr. John Hawkinson

by: W. F. POORMAN
President

GUARANTY TRUST COMPANY OF NEW YORK, Agent
140 Broadway
New York 5, New York

by: E. G. TEWES
Second Vice President

CHARTERED TRUST COMPANY
34 King St. West
Toronto 1, Ontario
Attention: Mr. H. E. Langford

by: HENRY EDEN LANGFORD
Managing Director

DOMINION LIFE ASSURANCE COMPANY
Waterloo, Ontario
Attention: Manager of Investment Department

by: GEORGE F. C. PANGMAN
Assistant General Manager and Treasurer

IOWA LIFE INSURANCE COMPANY
Tenth & Grand Avenue
Des Moines 8, Iowa
Attention: Mr. Gordon Johnson

by: GORDON R. JOHNSON
Investment Manager

SECURITY MUTUAL LIFE INSURANCE COMPANY
80 Exchange Street
Binghamton, New York
Attention: Mr. John Manyon

by: LOUIS E. ZELL, JR.
Treasurer

R. E. GEHR
Assistant Secretary

NORTH AMERICAN REASSURANCE COMPANY
Room 3260
161 East 42nd Street
New York 17, New York
Attention: Mr. William Regan

by: A. N. KERWIN
Secretary

THE ROYAL BANK OF CANADA TRUST COMPANY
68 William Street
New York 5, N. Y.
Attention: Manager of Investment Department

by: J. B. MILLER
Secretary

UNITED CORPORATIONS LIMITED
360 St. James Street West
Montreal, Quebec
Attention: Manager of Investment Department

by: N. K. GORDON
President

I. WATERHOUSE
Secretary

THE CALGARY & EDMONTON CORPORATION LIMITED
Nanton Building
Winnipeg, Manitoba
Attention: Mr. E. A. Nanton

by: E. A. NANTON
President

POWER CORPORATION OF CANADA LIMITED
355 St. James Street West
Montreal, Quebec
Attention: Mr. John Rock

by: P. N. THOMSON
Vice-President and Managing Director

STANDARD INSURANCE COMPANY
812 Southwest Washington Street
Portland, Oregon
Attention: Mr. Arthur M. Cannon

by: Arthur M. Cannon
Vice President

BATHURST POWER & PAPER COMPANY LIMITED—PENSION
FUND
Sun Life Building
Montreal, Quebec
Attention: Manager of Investment Department

by: R. H. CHRISTIAN
Executive Vice-President

THE ROYAL TRUST COMPANY, TRUSTEE,
THE BELL TELEPHONE COMPANY OF CANADA PENSION
FUND
Place d'Armes
Montreal, Quebec
Attention: Manager of Investment Department

by: GEORGE B. CRANSTOUN
Assistant Manager

E. ALLAN M. EDSON
Assistant Secretary

THE CANADA PERMANENT TRUST COMPANY
320 Bay Street
Toronto, Ontario
Attention: Manager of Investment Department

by: W. LEO KNOWLTON
General Manager

ROYAL INSURANCE COMPANY, LIMITED
500 Claxton St.
Montreal, Quebec
Attention: Manager of Investment Department

by: JAMES MATSON
Manager for Canada

THE BOARD OF TRUSTEES OF THE SHEFFIELD SCIENTIFIC
SCHOOL
105 Wall Street
New Haven, Connecticut
Attention: Mr. Horace F. Isleib

by: HORACE F. ISLEIB
Treasurer

LONDON CANADIAN INVESTMENT CORPORATION
360 St. James Street West
Montreal, Quebec
Attention: Manager of Investment Department

by: N. K. GORDON
President

I. WATERHOUSE
Secretary

MONTREAL LIFE INSURANCE COMPANY
Post Office Box 850
Station B
Montreal, Quebec
Attention: Manager of Investment Department

by: J. A. TOLLER
Assistant General Manager and Treasurer

CANADIAN POWER & PAPER SECURITIES LIMITED
360 St. James Street West
Montreal, Quebec
Attention: Mr. W. A. Arbuckle

by: W. A. ARBUCKLE
President

P. W. BERRIGAN
Secretary-Treasurer

THE NATIONAL LIFE ASSURANCE COMPANY OF CANADA
522 University Avenue
Toronto, Ontario
Attention: Mr. H. Sider

by: J. A. RHIND
Vice-President and Treasurer

THE NORTHERN LIFE ASSURANCE CO. OF CANADA
Northern Life Building
London, Ontario
Attention: Manager of Investment Department

by: DONALD J. GRANT
Treasurer

CIVIL SERVICE SUPERANNUATION BOARD
Parliament Buildings
Winnipeg, Manitoba

by: JOHN WATSON
Secretary

EMPIRE LIFE INSURANCE COMPANY
50 King Street West
Toronto, Ontario

by: A. H. K. RUSSELL
Vice-President

J. M. McINNIS
Executive Assistant



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TRANS-CANADA PIPE LINES LIMITED

BOND PURCHASE AGREEMENT

February 11, 1957

Dear Sirs:

The undersigned TRANS-CANADA PIPE LINES LIMITED (herein called the "Company") hereby agrees with you (herein called the "Purchaser") as follows:

1. The Company will authorize two series of its First Mortgage Pipe Line Bonds to be issued under and secured by a Deed of Trust and Mortgage to be dated as of January 1, 1957 between the Company and National Trust Company, Limited, as Trustee (said Deed of Trust and Mortgage in the form in which it is executed and delivered being hereinafter called the "Mortgage"). The Mortgage is to be in substantially the form marked Exhibit I attached hereto, with appropriate property schedules attached, and with such changes, if any, in such form as may be agreed upon between the Purchaser and the Company. One of such series shall be designated First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978 (hereinafter sometimes called the "Canadian Series Bonds"), payable in Canadian dollars and limited to an aggregate principal amount of Can. \$23,010,000 and the other series shall be designated First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978 (hereinafter sometimes called the "United States Series Bonds"), payable in United States dollars and limited to an aggregate principal amount of U. S. \$100,990,000, including U. S. \$20,000,000 principal amount to be pledged to secure bank loans as provided in Paragraph 2(n) below. The Canadian Series Bonds and the United States Series Bonds are herein sometimes referred to collectively as the "Bonds". The Bonds shall be dated, shall mature, shall bear interest, shall be payable and shall be entitled to the benefits of a sinking fund as provided in the Mortgage, and shall also have such other terms and provisions as are provided therein.

2. The Company covenants, represents and warrants that

(a) The Company has been duly organized and validly exists as a corporation under Special Act of the Parliament of Canada (Statutes of Canada, 1951, 15 George VI, Chapter 92, as amended by Statutes of Canada, 1954, 2-3 Elizabeth II, Chapter 80) with its head office in the City of Calgary, Province of Alberta, and is lawfully qualified to do business and is in good standing under the laws of Canada and of the Provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec; the Northern Ontario Pipe Line Crown Corporation (herein called the "Crown Corporation") has

been duly organized and validly exists as a corporation under Special Act of the Parliament of Canada (Statutes of Canada, 1956, 4-5 Elizabeth II, Chapter 10) with its head office in the City of Ottawa, Province of Ontario, and is lawfully qualified to do business and is in good standing under the laws of Canada and of the Province of Ontario; The Alberta Gas Trunk Line Company Limited (herein referred to as "Trunk Line") has been duly organized and validly exists as a corporation under Special Act of the Legislative Assembly of the Province of Alberta (Chapter 37, Statutes of Alberta, 1954, as amended by Section 24 of Chapter 38, Statutes of Alberta, 1955) with its head office in the City of Calgary, Province of Alberta, and is lawfully qualified to do business and is in good standing under the laws of the Province of Alberta; such respective jurisdictions are the only jurisdictions in which such qualification is necessary in view of the properties to be constructed, acquired, owned or leased and the business to be conducted by the Company, the Crown Corporation and Trunk Line as set forth in the Report and the Preliminary Prospectus mentioned below; and the powers conferred upon said corporations by the terms of the respective Special Acts by which they were created include adequate power for each to own the property and carry on the business which such corporation owns and carries on and proposes to own and carry on as set forth in such Report and Preliminary Prospectus.

(b) The Company has delivered to the Purchaser a copy of a report of Commonwealth Services Inc., dated September, 1956 entitled "Trans-Canada Pipe Lines Limited—Report on Economic Feasibility of Proposed Natural Gas Pipeline Project" and supplements thereto designated, respectively, "Supplement of October 1956", "Study of Gas Requirements of Markets to be Served, December 1956", "10-Year Projection under Plan 1 and Plan 2, October 23, 1956" and transmittal letter dated November 26, 1956, and "Review of Current Status of Pipeline Project", dated February 6, 1957 (said report as so supplemented being herein called the "Report"). The Report contains a reasonably complete summary description of the properties which the Company proposes to construct, acquire, own and lease and the business and operations which it proposes to conduct. The natural gas pipe line system described in the Report (not including the Trunk Line System and the proposed lateral line to Emerson, Manitoba) is referred to herein, and is defined in the attached form of Mortgage, as the Pipe Line System. The Pipe Line System exclusive of the Northern Ontario Section and the Niagara Section is referred to herein, and is defined in said form of Mortgage, as the Project. Except as the context otherwise requires, the following additional terms are used herein with the respective meanings assigned to them in Part I of Article 1 of the attached form of Mortgage: Crown Corporation Lease, initial stage of pipe line development, Niagara Section, Northern Ontario Section, Northern Ontario Section Contract, second stage of pipe line development, Trunk Line Contract and Trunk Line System.

The estimates contained in the Report are subject to change, but were prepared for the Company on the basis of all information which the Company believes to be pertinent thereto and the Company knows of nothing which would at this time result in any material change in such estimates. The statements of fact contained in the Report are true and correct in all material respects as of the date hereof and do not omit any material fact necessary to make such statements not misleading.

The Company has also delivered to the Purchaser a report of Messrs. DeGolyer & MacNaughton dated February 11, 1957 relating to the Company's gas supply.

The Company is familiar with said report and knows of nothing which would lead it to believe that the Purchaser is not justified in relying thereon.

The Company will enter into an agreement (herein called the "Note Purchase Agreement") in the form marked Exhibit II attached hereto providing for the purchase of its 5½% Subordinated Convertible Income Notes (herein called the "Income Notes") in the aggregate maximum principal amount of Can.\$21,000,000 by the shareholders of the Company named in Schedule A to the Note Purchase Agreement in the respective amounts and on the terms and conditions set forth therein. The Note Purchase Agreement, on each Closing Date hereinafter mentioned, will be a valid and binding agreement, in full force and effect, subject only to such changes therein as may have been made as permitted thereby.

The gas purchase contracts and gas sales contracts described in Part Two of the Second Schedule of the attached form of Mortgage are all of the gas purchase contracts and gas sales contracts to which the Company is a party as of a date not more than 20 days prior to the date of this Agreement which are of the size required to be pledged pursuant to §7.02(a) of the attached form of Mortgage, and such contracts and the Trunk Line Contract, the Northern Ontario Section Contract (including the agreement dated January 30, 1957 by which Crown Corporation has assumed the obligations of the Government of Canada under the Northern Ontario Section Contract, such assumption agreement being herein referred to as the "Crown Corporation Assumption Agreement") and the agreement dated February 8, 1957 between the Company and Crown Corporation fixing the form of the Crown Corporation Lease to be executed (herein referred to as the "Agreement to Lease") are valid and binding agreements and are in full force and effect, subject to such sovereign rights of the Government of Canada as may exist with respect to the obligations of the Government of Canada under the Northern Ontario Section Contract.

The payments from the Company to Trunk Line called for by the Trunk Line Contract do not exceed the corresponding amounts used in the economic studies contained in the Report. The Company's gas purchase contracts, considered as a whole, do not obligate the Company to purchase or pay for gas at earlier times or in larger quantities than will be appropriate to permit the Company to meet its anticipated requirements for gas as reflected in the Report, except purchases or payments not exceeding in the aggregate \$1,000,000 and except purchase obligations applicable to the twelve months' period ending October 31, 1963 exceeding such requirements for that twelve month period by not more than 10%. The Company is not in default under any agreement to which it is a party, except possibly immaterial defaults which can be cured by the Company or which do not impair the Company's ability to acquire, construct, own or lease and operate the Pipe Line System. The Company has no reason to believe that there are defects in the titles to properties of the other party or parties to any of its gas purchase contracts or any gas or oil payments with respect to, or mortgages or other encumbrances on, any of said properties which defects, payments or encumbrances will prevent said other party or parties from performing said contracts.

Prior to the execution and delivery of the Mortgage, (i) the Company will not, without the Purchaser's written consent, modify, amend, extend, cancel or replace any lease or contract of the nature required to be pledged under the Mortgage except

as it would be authorized to do by the provisions of Article 7 of the Mortgage if such provisions were then in effect, and (ii) the Company will, except as otherwise permitted with the Purchaser's written consent, comply with respect to each such lease or contract with the provisions of §5.12 of the attached form of Mortgage as if such provisions were then in effect.

(c) The consolidated balance sheet of the Company and its subsidiary companies as of December 31, 1956, the consolidated statement of operations and deficit and the consolidated statement of capital surplus for the three years then ended and the consolidated summary of receipts and expenditures from incorporation of the Company on March 21, 1951 to December 31, 1956, all set forth in the Preliminary Prospectus referred to below, present fairly the consolidated financial position of the Company and its subsidiary companies at December 31, 1956, and the results of their operations and the cash receipts and expenditures for said periods, and said consolidated balance sheet shows all known liabilities, direct or contingent, of the Company and subsidiaries consolidated at December 31, 1956. No material adverse change, financial or otherwise, in the condition of the Company and subsidiaries consolidated has occurred since December 31, 1956, although substantial additional expenses and obligations have been incurred by the Company since that date in connection with the proposed financing and construction of the Pipe Line System.

(d) The Company proposes to consummate, prior to the first Closing Date, the sale of units of its securities, as stated in Paragraph 4(d) hereof, consisting of subordinated debentures maturing in 1987 (herein called the "subordinated debentures") bearing interest at the rate of not more than 6% per annum, and common shares of the Company. In connection with the offering and sale of said units, the Company will issue a prospectus under the United States Securities Act of 1933, as amended. A copy of such prospectus (bearing the legend "Preliminary Prospectus—dated February 8, 1957" and herein referred to as the "Preliminary Prospectus"), in the form in which it is on file with the Securities and Exchange Commission, has been furnished to the Purchaser. Prior to the effective date of the Registration Statement of which the Preliminary Prospectus forms a part, the Company may furnish the Purchaser with one or more revised forms of prospectus. Promptly after such Registration Statement becomes effective, the Company agrees to furnish the Purchaser with a copy of the prospectus as then included in such Registration Statement, and, in the event that such prospectus is thereafter supplemented or amended prior to the consummation of the sale of the above-mentioned units by the Company, the Company agrees to furnish the Purchaser with a copy of such prospectus, as so supplemented or amended, promptly upon the filing thereof with the Securities and Exchange Commission (such prospectus or such prospectus as so supplemented or amended being herein called the "Final Prospectus"). The Final Prospectus will be true and correct as of the date thereof and will not omit to state any material fact necessary to make the statements contained therein not misleading. At the time that the Company furnishes any revised form of prospectus to the Purchaser subsequent to the Preliminary Prospectus and prior to the consummation of the sale of such units by the Company (whether the Final Prospectus or any previous revised form of prospectus) the Company will advise the Purchaser, by such method as it deems advisable, of any changes in such revised form of prospectus as compared with the form of prospectus theretofore last furnished to the Purchaser. If such revised form of prospectus reflects any material and unfavorable change, financial or

otherwise, in the condition of the Company or in its ability to carry on business (not including any export of gas from Canada or any import of gas into Canada) as contemplated in the Report or to perform its obligations under this Agreement and the Mortgage in accordance with the terms thereof, as compared with that reflected in the form of prospectus theretofore last furnished to the Purchaser or reflected in the Report or in the other documents theretofore furnished or made available to the Purchaser in connection with this Agreement, the Purchaser shall be released from all obligations under this Agreement, but only if, within five business days after the Purchaser's receipt of such revised form of prospectus, it shall deliver to the Company a written notice that it desires to be so released. Subject to the provisions of Paragraph 4(d) of this Agreement, no change or addition in any form of prospectus which relates to the principal amount of subordinated debentures or the number of common shares covered by such Registration Statement, the price thereof, the portion of the subordinated debentures payable in Canadian and United States currencies, the identity or number of, or discounts to, underwriters in connection with the sale of such securities, the terms of offering or other matters relating to the underwriting, offering or sale of such securities, shall be considered as reflecting any such material or unfavorable change; provided however that, without the prior written consent of the Purchaser, the Company shall not make or consent to any change in the proposed subordination provisions of the Indenture under which the subordinated debentures are to be issued, as set forth in the proof dated February 2, 1957 of said Indenture heretofore delivered to the Purchaser, if such change, in the opinion of Messrs. Davis Polk Wardwell Sunderland & Kiendl or Messrs. Osler, Hoskin & Harcourt, might adversely affect the rights of the holders of Bonds in respect of the subordination provisions of the subordinated debentures.

Promptly after consummation of the sale of such units by the Company, the Company will deliver to each Purchaser a signed copy of the opinion delivered to the underwriters of the units by each counsel for the Company at the time of the sale by the Company of the units.

(e) The Company has no subsidiaries except Western Pipe Lines, incorporated under the laws of Canada, and Trans-Canada Grid of Alberta Ltd. and Alberta Inter-Field Gas Lines Limited, each incorporated under the laws of Alberta. All of the outstanding capital stock other than directors' qualifying shares of each of said subsidiaries is owned by the Company. Western Pipe Lines owns and leases to another company the Niagara Section. The other two subsidiaries are inactive and their combined assets, other than deferred expenses, are nominal in amount.

(f) There is no material litigation or governmental proceeding pending, or, to the knowledge of the Company's officers or directors, threatened, against the Company, or of which any property, interests or rights of the Company are the subject. Based upon advice received from the President or a Vice President of Trunk Line and the President or a Vice President of Crown Corporation, no litigation or governmental proceeding is pending or threatened against either of said companies which might materially impair the ability of Trunk Line to perform its obligations under the Trunk Line Contract or the ability of Crown Corporation to perform its obligations with respect to the Northern Ontario Section Contract or the Crown Corporation Lease.

(g) Neither the execution and delivery of this Agreement nor the consummation of the transactions herein provided for nor compliance by the Company with the

provisions of the Mortgage, this Agreement, the agreement with certain banks referred to in Paragraph 2(n) hereof or the notes issued to evidence bank loans under said agreement will result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance (other than the lien of the Mortgage) on any property or assets of the Company under the terms of, the Company's Act of Incorporation or its by-laws or any indenture or other agreement or instrument to which the Company is or at any Closing Date shall be a party or any order of any court or administrative agency entered in any proceeding to which the Company is or at any Closing Date shall be a party or by which it may be bound or to which it may be subject. The property and assets of the Company are subject to a mortgage in favour of the Crown Corporation to secure amounts borrowed and to be borrowed by the Company in connection with the construction of the western section of the Project and such property and assets may become subject to other liens to secure amounts to be borrowed by the Company but such mortgage and other liens will be discharged prior to the first Closing Date. Neither the Company nor, as far as the knowledge of the officers of the Company extends, Trunk Line or the Crown Corporation is a party to any contract, agreement or instrument or subject to any charter or other corporate restriction which is not disclosed in the Report or which will not be disclosed in the Final Prospectus and which in the opinion of the officers of the Company, which may be based in regard to Trunk Line and Crown Corporation upon advice received from the President or a Vice President of said companies, respectively, is so burdensome that it will materially and adversely affect the business, operations, or financial condition of the Company contemplated by the Report and the Final Prospectus or materially impair the ability of Trunk Line to perform the Trunk Line Contract or the ability of Crown Corporation to perform the Northern Ontario Section Contract or the Crown Corporation Lease, or which will in any way be violated by the consummation of the transactions contemplated herein.

(h) Simultaneously with the execution and delivery of this Agreement, the Company is entering into agreements, identical in all respects hereto except as to the amount and series of Bonds to be sold and the name of the Purchaser, with 62 other investors, each of whom has made the same representations as those made by the Purchaser in Paragraph 5 hereof. The aggregate principal amount of Bonds to be sold to the Purchaser and said other investors is Can. \$23,010,000 principal amount of Canadian Series Bonds and U. S. \$80,990,000 principal amount of United States Series Bonds, but the transactions with the Purchaser and with such other investors are each to be separate transactions of the Company directly with each of them. The Company has not, directly or through any agent, offered any of the Bonds for sale, or solicited any offers to buy any of the Bonds, or otherwise negotiated in respect to the Bonds, in such manner as to require registration of the Bonds under the United States Securities Act of 1933.

(i) The Mortgage will include adequate descriptions of all properties which are owned by the Company as of a date not more than 50 days prior to the date of the execution of the Mortgage and which are required to be subjected to the lien thereof and will specifically pledge all of the Class A common shares of Trunk Line owned by the Company as of a date not more than 20 days prior to the date of execution of the Mortgage and all of the outstanding shares of capital stock of Western Pipe Lines (excluding in each case directors' qualifying shares), and all of the Company's

interest in the Trunk Line Contract, the Northern Ontario Section Contract, the Crown Corporation Lease, and all the gas purchase contracts and gas sales contracts to which the Company is a party as of a date not more than 20 days prior to the date of execution of the Mortgage and which are of the size required to be pledged under §7.02(a) of the form of Mortgage attached hereto.

(j) The Company has duly procured and there is in full force and effect a permit from the Petroleum and Natural Gas Conservation Board of Alberta dated May 14, 1954 as amended or supplemented on December 8, 1954, February 10, 1955, April 22, 1955, October 31, 1955, February 15, 1956, February 23, 1956, April 2, 1956, June 5, 1956, June 27, 1956, August 24, 1956, and January 29, 1957 (herein called the "Alberta Export Permit") authorizing on certain conditions the export from said Province of a maximum of 4.35 trillion cubic feet of natural gas. The Company has also duly procured and there is in full force and effect an order (No. 84220) of The Board of Transport Commissioners for Canada dated July 24, 1954 as amended or supplemented by order No. 86796, August 18, 1955, order No. 88462, March 28, 1956, order No. 88874, May 25, 1956, order No. 90057, October 30, 1956, order No. 90332, November 30, 1956 and order No. 90852, January 31, 1957 authorizing on certain conditions the construction of the Project by the Company, and authorizing the Company to mortgage its properties and to lease the Northern Ontario Section. The term "governmental authorizations" as used in this Agreement refers collectively to authorizations, consents, exemptions, permits and approvals from governmental bodies; and the term "routine governmental authorizations" as used in this Agreement refers to governmental authorizations, including those relating to right-of-way for pipe line purposes, which are of a routine nature, or which are customarily granted in due course after application, or which are of a minor nature and may be expected to be obtained without any difficulty or delay which might interfere in any substantial way with the construction or operation of facilities as contemplated in the Report.

The Company knows of no governmental authorizations in addition to those enumerated in the first paragraph of this subparagraph (j) which are or will be necessary to enable the Company to complete the initial and second stages of pipe line development or to acquire the Niagara Section or the Northern Ontario Section or to operate the Pipe Line System as contemplated in the Report (not including any export of gas from Canada or any import of gas into Canada) or to perform its obligations under the Trunk Line Contract and the Northern Ontario Section Contract and the Crown Corporation Lease or to mortgage and pledge its properties under the Mortgage or to perform its obligations under this Agreement, other than routine governmental authorizations, and the following additional governmental authorizations which the Company believes it will be able to obtain when and as necessary: permits from The Board of Transport Commissioners for Canada authorizing the Company to open the pipe line or any section thereof for the transportation of gas, to acquire the Northern Ontario Section and to acquire the Niagara Section; an amendment to the Alberta Export Permit to enable the Company to obtain delivery of Alberta gas pursuant to the Company's existing gas purchase contracts and to meet its future requirements for gas; and authority from the Governor in Council to cross Indian lands, Crown lands and navigable waters. None of the governmental authorizations heretofore granted to the Company is subject to any pending appeal, petition for review or other litigation or administrative proceeding and the time, where

any such is prescribed by law, within which any appeal from any action granting or sustaining the validity of or within which any party may file any petition for review of any such governmental authorization has expired. The Company is not in default in the performance of any of the conditions or obligations of its said governmental authorizations heretofore granted and can and will perform all conditions and obligations therein required of it to be performed, within the time specified therefor. The Company is not in default in the performance of any of its obligations under the Pipe Lines Act of Canada or the rules, regulations and orders thereunder. The Company is not in default with respect to any other statute or any order, writ, injunction or decree of any court or of any commission, board or other administrative agency which might materially and adversely affect the business, operations or financial condition of the Company.

(k) The Special Act creating the Crown Corporation constitutes authority to the Crown Corporation to construct the Northern Ontario Section subject to the jurisdiction of The Board of Transport Commissioners for Canada in the respects specified in said Special Act. Crown Corporation has duly procured and there is in full force and effect the approval of the Governor in Council of Canada of the Crown Corporation Lease. The Company knows of no governmental authorizations in addition to those enumerated above in this subparagraph (k) which are or will be necessary to enable Crown Corporation to complete the Northern Ontario Section as contemplated in the Report and to perform its obligations under the Northern Ontario Section Contract and the Crown Corporation Lease other than routine governmental authorizations, and the following additional governmental authorizations which the Company believes Crown Corporation will be able to obtain when and as necessary: a permit from The Board of Transport Commissioners for Canada authorizing Crown Corporation to open the Northern Ontario Section; the approval of the Governor in Council of Canada of the loan, from time to time, of money to Crown Corporation by the Government of Canada; and authority from the Governor in Council of Canada to cross Indian lands, Crown lands and navigable waters. None of the governmental authorizations heretofore granted to Crown Corporation is subject to any pending appeal, petition for review or other litigation or administrative proceeding, and the time, where any such is prescribed by law, within which any appeal from any action granting or sustaining the validity of or within which any party may file any petition for review of any such governmental authorization has expired.

(l) Trunk Line has duly procured and there is in full force and effect Permit No. 1 issued by the Minister of Highways of the Province of Alberta, dated December 29, 1955 permitting the construction of the Trunk Line System. The Company knows of no other governmental authorization which is or will be necessary to enable Trunk Line to complete the Trunk Line System as contemplated in the Report or to transport natural gas purchased by the Company in the Province of Alberta under the Company's gas purchase contracts to the western terminus of the Pipe Line System in accordance with the Trunk Line Contract or otherwise to perform Trunk Line's obligations under the Trunk Line Contract other than routine governmental authorizations, and the following additional governmental authorizations which the Company believes Trunk Line will be able to obtain when and as necessary: a permit from the Board of Public Utility Commissioners of Alberta to operate the Trunk Line System; authority from the Governor in Council of Canada to cross Indian lands; and authority

to cross navigable waters. None of the governmental authorizations heretofore granted to Trunk Line is subject to any pending appeal, petition for review or other litigation or administrative proceeding, and the time, where any such is prescribed by law, within which any appeal from any action granting or sustaining the validity of or within which any party may file any petition for review of any such governmental authorization has expired.

(m) (i) The monthly rental, additional rental and other payments, including the purchase price for the Northern Ontario Section payable to Crown Corporation in accordance with the Crown Corporation Lease, have been approved by the Governor in Council of Canada and are not subject to review or regulation by any governmental body.

(ii) The tolls, tariffs, rates or charges payable to the Company in accordance with the gas sales contracts described in Part Two of the Second Schedule of the attached form of Mortgage are not required to be approved by and are not otherwise subject to review or regulation by any governmental body, except that (A) the Ontario Fuel Board Act provides that the Ontario Fuel Board may control and regulate the distribution, sale, disposal and use of natural gas in Ontario, including the fixing of the price paid for gas sold in Ontario, (B) if the Company is held to be an owner of a "public service" under and subject to the provisions of The Public Service Act of Quebec, then the Public Service Board of Quebec may review, vary and fix prices, rates and rentals charged by the Company, (C) if the Company is held to be the owner of a public utility in Manitoba under and subject to the provisions of The Municipal and Public Utility Board Act of Manitoba, authority is required from The Municipal and Public Utility Board of Manitoba to fix and vary prices, rates and rentals charged by the Company, and (D) if the Company is held to be under and subject to the provisions of Part III of The Public Utilities Companies Act of Saskatchewan, the Local Government Board of Saskatchewan may fix and vary prices, rates and rentals charged by the Company.

(iii) The prices to be paid by the Company for natural gas delivered, or required to be paid for if tendered and not taken, under the gas purchase contracts described in Part Two of such Second Schedule are not required to be approved by and are not otherwise subject to review or regulation by any governmental body.

(iv) The rates, tolls or other charges payable to Trunk Line for transportation service in accordance with the Trunk Line Contract are not required to be approved by and are not otherwise subject to review or regulation by any governmental body except by the Board of Public Utility Commissioners of Alberta as provided by The Alberta Gas Trunk Line Company Act.

(n) Simultaneously with the execution and delivery of this Agreement, the Company is entering into an agreement with certain banks in the United States under which said banks agree, simultaneously with each purchase of Bonds by the Purchaser hereunder and by said other investors and in substantially the same proportionate amounts at each date of purchase, to lend to the Company a total amount of U. S. \$20,000,000 to be evidenced by 5¼% promissory notes due March 1, 1962, which notes are to be secured by the pledge of an equal principal amount of United States Series Bonds with said banks.

3. Upon the basis of the representations and warranties of the Purchaser and subject to the satisfaction of the terms and conditions set forth in this Agreement to which the Company's obligations hereunder are subject, the Company agrees to sell to the Purchaser, and, upon the basis of the representations and warranties of the Company and subject to the satisfaction of the terms and conditions set forth in this Agreement to which the Purchaser's obligations hereunder are subject, the Purchaser agrees to purchase from the Company, on the respective dates specified in Schedule A annexed hereto or the later dates fixed by the Company in the event of any postponement made as provided below in this Paragraph 3 (said specified dates or later dates so fixed being herein called "Closing Dates"), (a) Canadian Series Bonds in the aggregate principal amount, if any, set opposite the name of the Purchaser in Column I of said Schedule A, the portion of such aggregate principal amount to be sold and purchased at each Closing Date being the amount set opposite the name of the Purchaser in Column III of said Schedule A in the subcolumn for such Closing Date (or for the date from which it may have been postponed) and (b) United States Series Bonds in the aggregate principal amount, if any, set opposite the name of the Purchaser in Column II of said Schedule A, the portion of such aggregate principal amount to be sold and purchased at each Closing Date being the amount set opposite the name of the Purchaser in Column IV of said Schedule A in the subcolumn for such Closing Date (or for the date from which it may have been postponed). The purchase price of the Canadian Series Bonds is 100% of the principal amount thereof, payable in Canadian currency, and the purchase price of the United States Series Bonds is 100% of the principal amount thereof payable in United States currency.

If the Purchaser and any other Purchaser which has executed an agreement identical herewith as stated in Paragraph 2(h) shall jointly notify the Company in writing not less than 45 days before any of the respective dates specified in said Schedule A that on the next Closing Date one of such Purchasers will purchase a specified amount of Bonds which the other Purchaser is committed to purchase on such Closing Date, the respective commitments of the two Purchasers shall be changed accordingly for all purposes of the respective Agreements, provided that the Company shall be indemnified by such Purchasers against any liability of the Company for transfer or other taxes incident to such change.

Notwithstanding the other provisions of this Paragraph 3, the Company shall have the right upon fifteen days' written notice to the Purchaser in the case of the first Closing Date and upon thirty days' written notice to the Purchaser in the case of each subsequent Closing Date, to postpone from time to time, in each case to a date then specified or to be thereafter specified on not less than thirty days' written notice but in no event to a date later than August 1, 1958, the purchase and sale of Bonds scheduled for purchase on any one or more of the dates (other than August 1, 1958) specified in Schedule A.

The Company will deliver to the Purchaser on each Closing Date, at 11 o'clock A. M., Toronto Time, one fully registered Canadian Series Bond in the denomination of the principal amount, if any, of Canadian Series Bonds to be purchased by the Purchaser on such Closing Date and one fully registered United States Series Bond in the denomination of the principal amount, if any, of United States Series Bonds to be purchased by the Purchaser on such Closing Date, in each case in definitive form, dated and bearing

interest from the date of delivery thereof, printed on a steel engraved border and duly registered in the name of the Purchaser (or in such other name as the Purchaser may specify), at the principal office of National Trust Company, Limited, in Toronto, Canada, against payment therefor, by certified or official bank cheque payable to the order of the Company at par in Toronto or Montreal in respect of Canadian Series Bonds and in New York Clearing House funds in respect of United States Series Bonds.

The Company agrees that upon the written request of the Purchaser at any time after each Closing Date, it will, as soon as possible but in any event within 90 days after receipt of such request, without charge to the Purchaser, deliver to the Purchaser in exchange for the printed Canadian Series Bond and/or the printed United States Series Bond initially delivered to the Purchaser on such Closing Date, an equal aggregate principal amount of Canadian Series Bonds or United States Series Bonds, as the case may be, in definitive form, printed on steel engraved borders, in any denomination or denominations provided for in the Mortgage and either in fully registered or coupon form, all as the Purchaser may elect and, if in fully registered form, or in coupon form and so requested, registered in the name of the Purchaser (or in the name of its nominee as specified by the Purchaser). In the event that the Bonds first so requested by the Purchaser shall be in fully registered form, the Company agrees that, as soon as practicable after written request of the Purchaser, it will, without charge to the Purchaser, deliver to the Purchaser in exchange for any such fully registered Bonds, Bonds of the same series in definitive coupon form, printed on steel engraved borders, in the denomination of \$1,000, and, if requested, registered as to principal in the name of the Purchaser (or in the name of its nominee as specified by the Purchaser). Upon each such exchange pursuant to this paragraph the Company will bear all expenses (including stamp and other taxes, if any, other than transfer taxes) in connection with the preparation, issuance and delivery of the Bonds to the Purchaser at such place within Canada or the United States of America as the Purchaser shall specify.

In consideration of the obligation of the Purchaser hereunder, the Company will pay to the Purchaser on June 3 and September 3, 1957 and on May 1 and August 1, 1958 (even though the purchase and sale of Bonds scheduled for any of such dates may have been postponed by the Company as herein permitted) an amount calculated at the rate of 1% per annum (on the basis of a 365-day year) on the aggregate principal amount of Bonds set forth opposite the Purchaser's name in Columns I and II of Schedule A to be sold to and purchased by the Purchaser but which have not been sold to and purchased by the Purchaser prior to the date on which such payment is to be made. Such 1% shall be computed in the case of the first payment thereof from and including January 1, 1957 up to but excluding the date on which such first payment is to be made, and, in the case of every other such payment, from and including the date of the next preceding payment up to but excluding the date on which such payment is to be made. In the event that the purchase and sale of Bonds has been postponed as permitted by the third paragraph of this Paragraph 3, the rate of 1% per annum to be paid by the Company to each Purchaser as stated above will be increased to 5¼% per annum (on the basis of a 365-day year) with respect to the Purchaser's commitment to purchase the United States Series Bonds the purchase of which has been so postponed and to 5½% per annum (on the basis of a 365-day year) with respect to the Purchaser's commitment to purchase the Canadian Series Bonds the purchase of which has been so

postponed. The amount payable at such increased rate will in each case be computed from and including the date on which such Bonds were originally scheduled to be purchased up to but excluding the date of actual purchase and sale, but the Company will be entitled to credit against such increased payment the amount of any payments to the Purchaser pursuant to the first and second sentences of this paragraph made after the date on which such Bonds were originally scheduled to be purchased with respect to the Bonds the purchase and sale of which was postponed. The payment of such increased amount shall be made at the time of the actual purchase and sale of such Bonds. Payments in respect of the commitment to purchase Canadian Series Bonds shall be paid in Toronto funds and payments in respect of commitments to purchase United States Series Bonds shall be paid in New York Clearing House funds.

4. The obligation of the Purchaser to purchase and pay for on each Closing Date the Bonds to be purchased by it on such Closing Date, as provided in Paragraph 3 hereof, shall be subject to the accuracy of the representations and warranties of the Company contained herein as of the date of this Agreement or at such other date or dates as are specified in this Agreement (whether or not any inaccuracy therein shall have been known or discoverable at such date or dates) and shall, except as herein otherwise provided, be subject to the satisfaction, prior to or concurrently with such purchase and payment, of the following additional conditions:

(a) That all governmental authorizations specified in Paragraph 2(j) hereof as having been procured by the Company at the date of execution of this Agreement (other than the Alberta Export Permit) shall be in full force and effect; that the Alberta Export Permit shall have been amended or supplemented to permit the export by the Company of all natural gas included in the Company's gas supply for the purposes of the Certificate of Gas Supply then being delivered or theretofore delivered to the Purchaser pursuant to Paragraph 4(i) hereof; that the Alberta Export Permit as so amended or supplemented shall be in full force and effect and shall be sufficient authorization to the Company to purchase in accordance with its gas purchase contracts the natural gas included in its gas supply referred to above in this subparagraph (a) and to transport such natural gas for export from the Province of Alberta through the Trunk Line System; that there shall have been obtained and shall be in full force and effect consents of the Lieutenant Governor in Council of Alberta to the use, outside of Alberta, of natural gas to be taken from lands located within Alberta pursuant to the provisions of any natural gas lease or other instrument granted by Her Majesty the Queen in right of the Province of Alberta, which gas is to be obtained by the Company under its gas purchase contracts, in each case where such consent is required by the terms of said lease or other instrument permitting the taking of natural gas from such lands; that the Company shall have procured all additional and supplemental governmental authorizations which it is necessary for the Company to have procured by said Closing Date in view of the stage of construction and of any partial operation of its properties reached by that date and to enable the Company to perform its obligations under the Trunk Line Contract, the Northern Ontario Section Contract, the Crown Corporation Lease and this Agreement which are required to be performed on or prior to said Closing Date, and to mortgage and pledge its properties under the Mortgage, and all such additional and supplemental governmental authorizations shall be in full

force and effect; and that all conditions or obligations contained in any of the afore-said governmental authorizations which are required to be performed by the Company on or prior to such Closing Date shall have been performed within the time therein specified. The Company shall, at such Closing Date, deliver to the Purchaser a certificate of the Company's President or a Vice President as to whether the conditions described in this subparagraph (a) have been met and specifying the governmental authorizations, other than routine governmental authorizations, obtained since the previous Closing Date, or since the date of execution and delivery of this Agreement in the case of the first Closing Date.

(b) That the Company shall have performed all the agreements on its part herein contained required to be performed on or prior to such Closing Date; that, in the case of the purchase on the first Closing Date, the gas purchase contracts and gas sales contracts described in Part Two of the Second Schedule of the attached form of Mortgage and the Trunk Line Contract, the Northern Ontario Section Contract, the Note Purchase Agreement, the Crown Corporation Lease, if theretofore executed, and the Crown Corporation Assumption Agreement shall be in full force and effect, subject to such sovereign rights of the Government of Canada as may exist with respect to the obligations of the Government of Canada under the Northern Ontario Section Contract, and such agreements shall not have been changed since the date of execution and delivery of this Agreement, except to the extent, if any, that they may have been modified, amended, extended, cancelled or replaced as authorized by the last paragraph of Paragraph 2(b) hereof prior to the execution and delivery of the Mortgage and except to the extent, if any, that they may have been modified, amended, extended, cancelled or replaced as provided in Article 7 of the Mortgage during the period between the execution thereof and the first Closing Date; that at each Closing Date all contracts and leases, including the Crown Corporation Lease if theretofore executed, specifically pledged under the Mortgage, or required so to be pledged, shall be in full force and effect subject to sovereign rights as aforesaid and except to the extent, if any, that they may have been modified, amended, extended, cancelled or replaced as provided in Article 7 of the Mortgage since the date they were pledged under the Mortgage; that the Agreement to Lease shall not have been amended or modified prior to the execution of the Crown Corporation Lease and, if the Crown Corporation Lease shall not have theretofore been executed, the Agreement to Lease shall be in full force and effect and shall not have been changed since the date of execution of this Agreement; that the Company knows of nothing which would lead it to believe that the Purchaser is not justified in relying on the independent engineer's certificate being delivered to the Purchaser at such Closing Date pursuant to Paragraph 4(c) hereof; that all governmental authorizations required for the execution and delivery of the Mortgage and of any supplements thereto executed prior to such Closing Date and the issuance and sale of the Bonds to be purchased on such Closing Date shall have been duly obtained and shall be in full force and effect; that, in the case of the purchase on the first Closing Date, the Company shall not, since the date of the execution of this Agreement and prior to the execution and delivery of the Mortgage, have taken or omitted to take any action the taking or omission of which, as the case may be, if the terms of the Mortgage had been binding upon the Company from the date hereof, would constitute a default as defined in the form of Mortgage attached hereto; and that, in the case of the purchase on each Closing Date, the Company shall not be in default under the Mortgage. The Company shall, at each Closing Date, deliver to the Purchaser a certificate of its

President or a Vice President as to whether the conditions referred to in this subparagraph (b) have been met.

(c) That the Company shall have delivered to the Purchaser, at each Closing Date, a certificate of Commonwealth Services Inc., or such other independent engineer as may have been approved by the institutions purchasing on such Closing Date not less than 66 $\frac{2}{3}$ % of the Bonds then being purchased, to the effect that, in the opinion of said independent engineer, (i) there has not been any change in the program or progress of construction or in the financial or other condition or prospects of the Company or of Trunk Line or of Crown Corporation since the date of the last supplement to the Report which makes the Pipe Line System no longer feasible or which in any way materially impairs the ability of the Company to carry on the business (not including any export of gas from Canada or any import of gas into Canada) contemplated in the Report and the Final Prospectus or to perform its obligations under this Agreement and the Mortgage in accordance with the respective terms thereof or which is sufficiently material to prevent the Company from meeting its obligations as they become due and (ii) there has not been any change in the program or progress of construction or in the financial or other condition or prospects of Trunk Line or Crown Corporation since the date of the last supplement to the Report which in any way materially impairs the ability of Trunk Line to perform the Trunk Line Contract or of Crown Corporation to perform the Northern Ontario Section Contract or the Crown Corporation Lease.

Any certificate delivered pursuant to this subparagraph (c) may be given in reliance, to the extent the engineer signing such certificate shall deem proper, upon financial statements certified by the principal financial officers of the respective companies and upon factual information furnished by officers of such companies in such form as shall be acceptable to such engineer.

(d) That, prior to the first Closing Date, the Company shall have received as net cash proceeds (before expenses but after underwriting discounts and commissions) from the issue and sale of its subordinated debentures and its common shares as described in the Final Prospectus not less than \$105,000,000, computed in Canadian funds by converting United States into Canadian funds on the basis of \$1.04 of United States funds being equivalent to \$1.00 of Canadian funds, and that such securities shall have been duly and validly issued; and that no stop order in respect of the registration of such subordinated debentures and common shares under the Securities Act of 1933, as amended, shall be in effect and no proceedings for such a stop order shall be pending before or, to the knowledge of the officers of the Company, threatened by the United States Securities and Exchange Commission. The Company shall, at the first Closing Date, deliver to the Purchaser a certificate of its President or a Vice President as to whether the conditions referred to in this subparagraph (d) have been met.

(e) That, at each Closing Date, the Purchaser shall receive opinions (in form and substance satisfactory to the Purchaser and to Messrs. Davis Polk Wardwell Sunderland & Kiendl, acting as the Purchaser's United States special counsel and to Messrs. Osler, Hoskin & Harcourt, acting as the Purchaser's Canadian special counsel), addressed to the Purchaser and to the other investors referred to above, of Messrs. Borden, Elliot, Kelley, Palmer & Sankey of Toronto, Ontario, of counsel for the Company, and of Messrs. Milner, Steer, Dyde, Martland & Layton—Milner, Steer, Martland & McNeill of Edmonton and Calgary, Alberta, of counsel for the

Company (said two firms being herein sometimes referred to as the principal Canadian counsel for the Company), each of which opinions shall in effect state that:

(i) The Company has been duly organized and validly exists as a corporation under Special Act of the Parliament of Canada and is lawfully qualified to do business and is in good standing under the laws of Canada and of the Provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec; the Crown Corporation has been duly organized and validly exists as a corporation under Special Act of the Parliament of Canada and is lawfully qualified to do business and is in good standing under the laws of Canada and of the Province of Ontario; Trunk Line has been duly organized and validly exists as a corporation under Special Act of the Legislative Assembly of the Province of Alberta and is lawfully qualified to do business and is in good standing under the laws of the Province of Alberta; such respective jurisdictions are the only jurisdictions in which such qualification is necessary at such Closing Date in view of the properties to be constructed, acquired, owned or leased and the business to be conducted by the Company, the Crown Corporation and Trunk Line as set forth in the Report and the Final Prospectus; the powers conferred upon said corporations by the terms of the respective Special Acts by which they were created include adequate power for each to own the property and carry on the business which such corporation owns and carries on and proposes to own and carry on as set forth in the Report and the Final Prospectus and adequate power for the Company to sell the Bonds and to mortgage and pledge its properties as security therefor as provided herein and in the Mortgage.

(ii) This Agreement has been duly authorized, executed and delivered by the Company and is a valid, binding and legally enforceable agreement of the Company.

(iii) The Bonds purchased by the Purchaser on such Closing Date and all other Bonds which on such Closing Date are being purchased by other investors or are being issued and pledged as security for bank loans being made to the Company as provided in Paragraph 4(h) have been duly executed and delivered by the Company and authenticated by National Trust Company, Limited, as Trustee, have been duly issued and delivered under the Mortgage and are the valid, binding and legally enforceable obligations of the Company and are entitled to the benefits and security of the Mortgage.

(iv) The Company has good and marketable title in fee simple to all of the real and immovable property specifically described as owned by the Company either in the Second Schedule of the Mortgage or in any schedule to any indenture supplemental thereto, except property theretofore released from, or duly discharged or disposed of free from, the lien of the Mortgage in accordance with its terms, subject only to the lien of the Mortgage and supplements thereto and to permitted liens, construction liens and purchase money liens as defined in, but only to the extent permitted by, the Mortgage, and to such minor defects in title not constituting permitted liens as the Company shall have power by appropriate legal proceedings to cure without substantial expense or which, in the opinion of such counsel, are inconsequential, and subject to any easements or similar encumbrances which in the opinion of such counsel do not materially impair the use by the Company of such property for the purposes for which it was acquired.

(v) The Company has satisfactory title to the leases, rights-of-way, easements, franchises, privileges, licenses, consents, permits and grants identified, described

and tabulated either in the Second Schedule of the Mortgage or in any schedule to any indenture supplemental thereto, and satisfactory title to the pipe then installed in the properties referred to in this subdivision (v), except property theretofore released from, or duly discharged or disposed of free from, the lien of the Mortgage in accordance with its terms, subject only to the lien of the Mortgage and supplements thereto and to permitted liens, construction liens and purchase money liens as defined in, but only to the extent permitted by, the Mortgage, to defects in title to lands covered by such easements or rights-of-way which, in the opinion of such counsel, do not impair the right of the Company to continue the use of such property for such purposes, and subject to such other minor defects in title not constituting permitted liens as the Company shall have power by appropriate legal proceedings to cure without substantial expense or which, in the opinion of such counsel, are inconsequential, and subject to such easements or similar encumbrances as in the opinion of such counsel do not materially impair the use by the Company of such easements or rights-of-way for the purposes for which they were acquired.

(vi) The execution and delivery of the Mortgage and all supplements thereto and all separate instruments of pledge under the Mortgage theretofore executed and delivered and the execution and delivery of the Bonds which are being purchased on such Closing Date and the sale and delivery thereof to the Purchaser and the other investors as provided in this Agreement and the other identical agreements herein referred to, and the execution and delivery of all Bonds which on such Closing Date are being issued and pledged, have been duly authorized by all necessary proceedings on the part of the Company in conformity with the laws of Canada and of the Provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec; the Mortgage and all such supplements and separate instruments have been duly executed and delivered and, to the extent required, have been duly recorded, filed, entered or registered as a mortgage or hypothec on real and immovable property and interests therein (including pipe lines); and the Mortgage, as so supplemented, is the valid, binding and legally enforceable obligation of the Company in accordance with its terms, and (a) constitutes a legal and valid first fixed and specific mortgage hypothec pledge or charge as security for the Bonds, enforceable in accordance with its terms, on all the real and immovable property and interests therein (including pipe lines) of the Company specifically described in the schedules to the Mortgage and supplemental indentures, other than property theretofore released from, or duly discharged or disposed of free from, the lien of the Mortgage in accordance with its terms, free from all prior liens, charges or encumbrances, other than permitted liens, construction liens and purchase money liens as defined in, but only to the extent permitted by, the Mortgage, but subject to such minor defects of title and other matters as are referred to in subdivisions (iv) and (v) above, and (b) creates valid and enforceable floating charges in accordance with its terms on the properties of the Company (other than the specifically mortgaged property) situated in the Provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Such opinion shall set forth the requirements as to any re-recording, re-filing, re-entry or re-registration as a mortgage or hypothec on real and immovable property and interests therein (including pipe lines).

(vii) The descriptions of the properties of the Company contained in the Schedules to the Mortgage and to any supplemental indentures are in all respects

sufficient descriptions of such properties for all purposes of the Mortgage as a mortgage on real and immovable property and interests therein (including pipe lines).

(viii) All governmental authorizations specified in Paragraph 2(j) hereof as having been procured by the Company at the date of execution of this Agreement (other than the Alberta Export Permit) have been duly and validly granted and are in full force and effect; the amendment or supplement of the Alberta Export Permit referred to in Paragraph 4(a) has been duly and validly granted and the Alberta Export Permit as so amended or supplemented is in full force and effect; there have been duly and validly granted and are in full force and effect all additional and supplemental governmental authorizations (which, except for routine governmental authorizations, shall be specified by counsel in their opinion) which it is necessary for the Company to have procured by said Closing Date in view of the stage of construction and of any partial operation of its properties reached by that date and to enable the Company to perform its obligations under this Agreement, the Trunk Line Contract, the Northern Ontario Section Contract and the Crown Corporation Lease which are required by their terms to be performed at or prior to said Closing Date; that all governmental authorizations required for the execution and delivery of the Mortgage and of any supplements thereto theretofore executed and the issue and sale or pledge of the Bonds which are being issued on such Closing Date are in full force and effect; and that such counsel has no reason to believe that the Company will not be able to obtain, when and as necessary, such additional governmental authorizations as may be necessary to enable the Company to complete the initial and second stages of pipe line development, to acquire the Niagara Section, to operate the Pipe Line System and to perform its obligations under this Agreement, the Trunk Line Contract, the Northern Ontario Section Contract and the Crown Corporation Lease; and that there is not to the knowledge of said counsel any litigation or administrative proceeding then pending constituting an appeal from or an application for review of or an attack upon the validity of any of the governmental authorizations theretofore granted to the Company in which, in the opinion of said counsel, there is a substantial likelihood of a decision adverse to the Company which might impair the ability of the Company to complete the Pipe Line System or to perform its obligations under this Agreement, the Trunk Line Contract, the Northern Ontario Section Contract or the Crown Corporation Lease. In rendering the opinion provided for in this subdivision (viii), each such counsel may rely upon a certificate of an officer of the Company as to the stage of construction and of any partial operation of the Company's properties reached by the Closing Date on which such opinion is to be delivered.

(ix) The governmental authorizations of Crown Corporation and Trunk Line described in subparagraphs (k) and (l) of Paragraph 2 as having been in effect at the date of execution of this Agreement are in full force and effect, and there has not, as far as the knowledge of said counsel extends, been any failure on the part of Crown Corporation or Trunk Line to maintain in full force and effect any other governmental authorization theretofore granted to said corporations, respectively, or any failure on the part of either of such corporations to obtain any governmental authorization prior to said Closing Date which failure, in either case, in the opinion of said counsel materially impairs the ability of Crown Corporation to perform the Northern Ontario Section Contract or the Crown Corporation Lease or

of Trunk Line to perform the Trunk Line Contract, and that such counsel has no reason to believe that either of said corporations will not be able to obtain, when and as necessary, such additional governmental authorizations as may be necessary to enable Crown Corporation to perform its obligations under the Northern Ontario Section Contract and the Crown Corporation Lease and to enable Trunk Line to perform its obligations under the Trunk Line Contract.

(x) The Northern Ontario Section Contract, the Crown Corporation Assumption Agreement, the Note Purchase Agreement, the Crown Corporation Lease if theretofore executed, the Trunk Line Contract, the gas sales contracts between the Company and Quebec Natural Gas Corporation, The Consumers' Gas Company of Toronto, Northern Ontario Natural Gas Co. Limited (relating to both the northern and western zones), Winnipeg & Central Gas Company and Union Gas Company of Canada, Limited, and the gas purchase contracts between the Company and The British American Oil Company Limited, Hudson's Bay Oil and Gas Company Limited, Canadian Delhi Oil Ltd. and The California Standard Company, as such contracts or agreements may have been amended or supplemented in accordance with the provisions of the Mortgage, are duly authorized, valid and binding agreements, and are in full force and effect, subject to such sovereign rights of the Government of Canada as may exist with respect to the Northern Ontario Section Contract; if the Crown Corporation Lease shall not theretofore have been executed, that the Agreement to Lease has been duly authorized and is a valid and binding agreement, enforceable in accordance with its terms, and is in full force and effect; and the necessary consents of the Lieutenant Governor in Council of Alberta to the use outside of Alberta of natural gas to be taken from lands located within Alberta pursuant to the provisions of any natural gas lease or other instrument granted by Her Majesty the Queen in right of the Province of Alberta, which gas is to be obtained by the Company under the gas purchase contracts referred to in this subdivision (x), have each been duly and validly granted and are in full force and effect.

(xi) The gas purchase contracts and gas sales contracts described either in Part Two of the Second Schedule to the Mortgage or in any schedule to any indenture supplemental thereto or in any other instrument of pledge under the Mortgage theretofore executed and delivered by the Company to the Trustee, and the Trunk Line Contract, the Northern Ontario Section Contract, the Crown Corporation Assumption Agreement, and the Crown Corporation Lease if theretofore executed are adequately described in the Mortgage or said supplemental indentures or other instruments for the purposes thereof, and the Company's interest in all of such contracts and in and to the gas deliverable to the Company under such gas purchase contracts and amounts payable to the Company under all of such contracts (subject to the provisions of §7.02 and §8.01 of the Mortgage and the Company's obligations under such contracts) has been validly pledged under the Mortgage as security for the Bonds in accordance with the terms and provisions of the Mortgage (which include the provision that the Company, to the extent provided in the Mortgage, is entitled to collect and retain sums due to the Company under such contracts and to receive and dispose of all gas deliverable to the Company under such contracts and to modify, amend, extend, cancel or replace such contracts), and notice of such pledge has been duly given to all persons to whom such notice is required

to be given. All Class A common shares of Trunk Line and all shares of capital stock of Western Pipe Lines pledged under the Mortgage are validly issued, fully paid and nonassessable shares of said companies and all evidences of indebtedness of Western Pipe Lines required to be pledged under the Mortgage have been validly issued and are binding obligations of Western Pipe Lines, and all such shares and evidences of indebtedness have been validly pledged under the Mortgage.

(xii) The monthly rental, additional rental and other payments, including the purchase price for the Northern Ontario Section payable to the Crown Corporation in accordance with the Crown Corporation Lease, the tolls, tariffs, rates or charges payable to the Company in accordance with the gas sales contracts described in Part Two of the Second Schedule of the Mortgage and the prices to be paid by the Company for natural gas delivered or required to be paid for if tendered and not taken under the gas purchase contracts described in Part Two of such Second Schedule and the rates, tolls and other charges payable to Trunk Line for transportation service in accordance with the Trunk Line Contract are not required to be approved by and are not otherwise subject to review or regulation by any governmental body except as stated in said opinion; that all approvals of any such rentals, payments, tolls, tariffs, rates, charges or prices required to be obtained prior to the delivery of said opinion have been obtained and are in full force and effect; and that no changes in any of such rentals, payments, tolls, tariffs, rates, charges or prices which are materially adverse to the Company have theretofore been made by or pursuant to the order of any governmental body.

(xiii) The subordination provisions of the subordinated debentures and of the Indenture under which the subordinated debentures were issued have not been changed from the provisions set forth in the proof of such Indenture referred to in Paragraph 2(d) hereof in any respect which might adversely affect the rights of the Bondholders in respect of the subordination of the rights of holders of subordinated debentures to the rights of holders of Bonds except as to such changes (a) as may have been made with the prior written consent of the Purchaser prior to the execution and delivery of the Mortgage or (b) as may have been made in accordance with the provisions of the Mortgage after it shall have been executed and delivered; and the rights of the holders of subordinated debentures and of the Trustee under said Indenture have been duly subordinated in accordance with the terms of the subordinated debentures and said Indenture to the rights of the holders of the Bonds and the Trustee under the Mortgage.

(xiv) If the Purchaser's principal office is in the United States, the purchase by and the delivery to the Purchaser of the Bonds hereunder does not of itself constitute the doing of business by the Purchaser under the laws of Canada or any Province thereof, and qualification by the Purchaser for admission to do business under any of such laws (assuming that the Purchaser is not then doing business thereunder) would not constitute a condition to, and the failure to so qualify would not affect, the exercise by the Purchaser of any right, privilege or remedy afforded to the Purchaser in or under the Bonds or the Mortgage, or the enforcement of any such right, privilege or remedy in accordance with the terms of such Bonds or the Mortgage, in any court of competent jurisdiction within Canada.

(xv) If the Purchaser's principal office is in the United States, neither the purchase of the Bonds being purchased on such Closing Date nor the removal of

said Bonds to the United States will, by reason of the fact that the purchase takes place in Canada or that said Bonds are being removed to the United States, subject the Purchaser to any tax, charge, claim, assessment, duty or other expense or liability whatsoever under the existing laws of Canada or any Province thereof or the city in which such purchase takes place, and no authorization, consent, exemption or approval is required to permit the removal of said Bonds to the United States without restriction or condition, or if any such authorization, consent, exemption or approval is required, it has been duly obtained and is in full force and effect.

(xvi) The Bonds are investments in which companies registered under Part III of the Canadian and British Insurance Companies Act may, without for that purpose availing themselves of the provisions of subsection 4 of Section 63 of said Act, invest their funds, and are also assets which under the provisions of the Foreign Insurance Companies Act may be vested in trust by foreign insurance companies for the purposes of said Act without for that purpose availing themselves of the provisions of paragraph 4 of Schedule I of said Act.

(xvii) The offering and sale of the Bonds by the Company have been in compliance with all laws applicable to such offering and sale (except that said opinion need not relate to compliance with laws of the United States or any state thereof). In rendering said opinion each such counsel may rely upon a certificate of an officer of the Company as to the action taken by or on behalf of the Company with respect to such offering and sale.

The opinions of counsel delivered at each Closing Date after the first Closing Date need contain the statements specified in subdivisions (iv) and (v) of this subparagraph (e) only with respect to any indenture or indentures supplemental to the Mortgage which may have been executed and delivered since the most recent Closing Date and to the properties and interests specifically described therein as then being subject to the specific lien of the Mortgage.

It is understood that the opinion of each of the principal Canadian counsel for the Company may be rendered in reliance upon the opinion of the other as to matters of law of the Province in which such other firm maintains its office. It is further understood that the opinions of the principal Canadian counsel for the Company may be rendered in reliance, to the extent that such counsel may deem such reliance proper, upon the opinions of counsel in the Provinces of Saskatchewan, Manitoba and Quebec with respect to matters of law of such Provinces, respectively, but that in case of such reliance each opinion so relied upon shall be in form and substance satisfactory to the Canadian special counsel for the Purchasers, may be addressed to the Company or to either or both of the firms acting as principal Canadian counsel for the Company, in either of which events it shall state that it may be relied upon by the Purchaser to the same extent as if addressed to the Purchaser, and copies of the opinions so relied upon shall be attached to the opinions of the principal Canadian counsel for the Company. If the principal Canadian counsel for the Company shall rely upon Saskatchewan, Manitoba or Quebec counsel as herein provided, their opinion shall state that they believe that such other counsel are reputable and are counsel upon whom they may properly rely and shall further state that, on the basis of an independent examination as to matters governed by the laws of Saskatchewan and Manitoba involved in the opinions of the principal Canadian counsel for the Com-

pany, they concur, respectively, in the conclusions of such other counsel in regard to such matters (except that they need not express concurrence as to matters therein relating to titles, the rank of the lien of the Indenture or the pledging of leases or contracts). It is further understood that the opinions of the principal Canadian counsel for the Company required by subdivision (x) of this subparagraph (e) to the effect that any contract specified in said subdivision (x), as such contract may have been amended or supplemented, is a duly authorized, valid and binding agreement and to the effect that the consents of the Lieutenant Governor in Council to the use of natural gas outside of Alberta have been duly and validly granted and are in full force and effect may be given, in so far as such opinions relate to the obligations of the party or parties to such contract other than the Company or relate to a consent or other governmental authorization, in reliance upon opinions of counsel for said other party or parties, addressed and delivered to the Company or to either or both of said principal Canadian counsel for the Company, relating to the legal existence and corporate powers of such other party or parties and the validity and sufficiency of action taken by such other party or parties, and their respective shareholders, directors, officers or employees, with respect to such contract; provided that any opinions so relied upon shall be in form and substance satisfactory to Canadian special counsel for the Purchaser and, if reliance is placed upon any such other counsel with respect to the Northern Ontario Section Contract, the Crown Corporation Assumption Agreement, the Crown Corporation Lease, the Agreement to Lease, the Trunk Line Contract or the Note Purchase Agreement, the opinion of principal Canadian counsel for the Company shall include the statement that, on the basis of an independent examination, they concur in the opinions of such other counsel. It is further understood that any opinion as to title or rank of lien required by this Agreement may be based upon abstracts of title or other documents as provided in Article 18 of the attached form of Mortgage.

It is further understood that the opinions received by the Purchaser at each Closing Date may, as to the matters referred to in subdivisions (vi) and (xi) of this subparagraph (e), be subject to qualification in respect of the effect of certain laws and judicial decisions upon the remedies provided in the Mortgage without materially interfering with the practical realization of the benefits of the security provided by the Mortgage, to the qualification that the Alberta Export Permit is not assignable except with the consent of the Gas Conservation Board of Alberta with the approval of the Alberta Lieutenant Governor in Council and to the qualification that the rights and remedies of the Trustee and the Bondholders are also subject to any applicable bankruptcy or insolvency laws or other similar laws affecting creditors' rights.

(f) That, at each Closing Date, the Purchaser shall receive the opinion of Messrs. Osler, Hoskin & Harcourt, Canadian special counsel for the Purchaser, addressed to the Purchaser and the other investors referred to above:

(i) As to the matters referred to in, and in accordance with the requirements of, subdivisions (i), (ii), (iii), (viii) (except that such opinion need not pass upon routine governmental authorizations), (ix), (x) (provided that such opinion may be given in reliance upon the opinions of other counsel to the same extent as the opinion of the Company's principal Canadian counsel required by such subdivision), (xi), (xii), (xiii), (xiv), (xv), (xvi) and (xvii) of subparagraph (e) of this Paragraph 4;

(ii) To the effect that the execution and delivery of the Mortgage and all supplements thereto and all separate instruments of pledge under the Mortgage executed and delivered prior to such Closing Date and the execution and delivery of the Bonds which are being purchased on such Closing Date and the sale and delivery thereof to the Purchaser and the other investors as provided in this Agreement and the other identical agreements herein referred to, and the execution and delivery of all Bonds which on such Closing Date are being issued and pledged, have been duly authorized by all necessary proceedings on the part of the Company and in conformity with the laws of Canada and of the Provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec; the Mortgage and all such supplements and separate instruments have been duly executed and delivered, and, assuming the due recording, filing, entering and registration of the Mortgage and such supplements and separate instruments, the Mortgage, as so supplemented, is the valid, binding and legally enforceable obligation of the Company in accordance with its terms, and is effective (A) to create a legal and valid fixed and specific mortgage hypothec pledge or charge as security for the Bonds on whatever interest the Company has in the real and immovable property and interests therein (including pipe lines) specifically described in the schedules to the Mortgage and supplemental indentures, other than property theretofore released from, or duly discharged or disposed of free from, the lien of the Mortgage in accordance with its terms, as subject to the specific lien thereof and (B) to create valid and enforceable floating charges in accordance with its terms on the properties of the Company (other than the specifically mortgaged property) situated in the Provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec; and

(iii) To the effect that the legal opinions delivered to the Purchaser pursuant to subparagraph (e) of this Paragraph 4 are satisfactory, both as to form and substance, and the Purchaser is justified in relying thereon and to the effect that any legal opinions on which principal Canadian counsel for the Company may have relied in delivering opinions as provided in subparagraph (e) are satisfactory and that such counsel was justified in relying thereon.

It is understood that the opinion of Messrs. Osler, Hoskin & Harcourt (A) will express no conclusion as to the titles of the Company to its properties, the descriptions of the properties mortgaged or the rank of the lien of the Mortgage or the recording, filing, entry or registration thereof; (B) may, as to the matters referred to in subdivision (ii) of this subparagraph (f) and in subdivision (xi) of subparagraph (e) of Paragraph 4, be subject to qualification in respect of the effect of certain laws and judicial decisions upon the remedies provided in the Mortgage without materially interfering with the practical realization of the benefits of the security provided by the Mortgage, to the qualification that the Alberta Export Permit is not assignable except with the consent of the Gas Conservation Board of Alberta with the approval of the Alberta Lieutenant Governor in Council and to the qualification that the rights and remedies of the Trustee and the Bondholders are also subject to any applicable bankruptcy or insolvency laws or other similar laws affecting creditors' rights; and (C) with respect to the matters specified in subdivisions (i) and (ii) of this subparagraph (f), in so far as such matters are governed by the laws of Alberta, Saskatchewan, Manitoba and Quebec may be rendered in reliance, to the extent that said counsel may deem such reliance proper, upon the opinions of other Canadian counsel, who may be the principal Canadian counsel

for the Company and the other counsel upon whose opinions they in turn are relying, but in case of such reliance a copy of each opinion so relied upon shall be attached to the opinion of special Canadian counsel for the Purchaser, and the opinion of special Canadian counsel for the Purchaser shall state that they believe that such other counsel are reputable and are counsel upon whom they may properly rely and shall further state that, on the basis of an independent examination as to matters covered by the laws of Alberta, Saskatchewan and Manitoba involved in the opinion of special Canadian counsel for the Purchaser, they concur in the conclusions of such other counsel in regard to such matters.

(g) That, at each Closing Date, the Purchaser shall receive the opinion of Messrs. Cahill, Gordon, Reindel & Ohl, of counsel for the Company (in form and substance satisfactory to the Purchaser and to its United States special counsel) and the opinion of Messrs. Davis Polk Wardwell Sunderland & Kiendl, each addressed to the Purchaser and the other investors referred to above, as to the matters referred to in subdivisions (ii) and (iii) of subparagraph (e) of this Paragraph 4, and to the further effect that:

(i) The execution and delivery of the Mortgage and all supplements thereto and all separate instruments of pledge under the Mortgage theretofore executed and delivered and the execution and delivery of the Bonds which are being purchased on such Closing Date and the sale and delivery thereof to the Purchaser and the other investors as provided in this Agreement and the other identical agreements herein referred to, and the execution and delivery of all Bonds which on such Closing Date are being issued and pledged, have been duly authorized by all necessary proceedings on the part of the Company and in conformity with the laws of Canada and of the Provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec, and the Mortgage and all such supplements and separate instruments have been duly executed and delivered.

(ii) Upon the basis of the representations in Paragraph 5 of this Agreement and of the other identical agreements herein referred to and upon the basis of information set forth in a certificate of an officer of the Company as to the action taken by or on behalf of the Company with respect to the offering and sale of the Bonds, the issuance, sale and delivery of the Bonds to the Purchaser, under the circumstances contemplated by this Agreement, is an exempted transaction under the United States Securities Act of 1933, as amended, and does not, under existing law, require the registration of the Bonds under said Securities Act, or the qualification of the Mortgage under the United States Trust Indenture Act of 1939, and if the Purchaser should in the future deem it expedient to sell any of the Bonds, which it is understood that the Purchaser does not now contemplate or foresee, such sale, even though made in the United States, would be, under existing law, an exempted transaction under said Securities Act, and consequently such sale would not of itself require registration of the Bonds under the provisions of said Securities Act, or qualification of the Mortgage under said Trust Indenture Act, assuming that at the time of such sale the Purchaser does not control and is not controlled by the Company and is not under common control with the Company.

(iii) The legal opinions delivered to the Purchaser pursuant to subparagraph (e) of this Paragraph 4 are satisfactory, both as to form and substance, and the Purchaser is justified in relying thereon.

The opinion of Messrs. Davis Polk Wardwell Sunderland & Kiendl shall further state that the opinions of Messrs. Osler, Hoskin & Harcourt and Messrs. Cahill, Gordon, Reindel & Ohl under subparagraphs (f) and (g) of this Paragraph 4 are satisfactory, both as to form and substance, and the Purchaser is justified in relying thereon.

It is understood that the opinions of Messrs. Cahill, Gordon, Reindel & Ohl and Messrs. Davis Polk Wardwell Sunderland & Kiendl (herein referred to as United States counsel) (A) will express no conclusion as to the titles of the Company, the descriptions of the properties mortgaged or the rank of the lien of the Mortgage or the recording, filing, entry or registration thereof; and (B) with respect to matters governed by the laws of Canada and the laws of the Provinces of Ontario, Alberta, Saskatchewan, Manitoba and Quebec, may be rendered in reliance, to the extent that said United States counsel may deem such reliance proper, upon the opinions of the principal Canadian counsel for the Company and the Canadian special counsel for the Purchaser, and upon the opinions of other counsel on which they in turn are relying.

Any of the opinions of counsel hereinabove in this Paragraph 4 referred to, delivered on any Closing Date after the first Closing Date, may, in respect of any matters covered by an earlier opinion of the same counsel, confirm such earlier opinion, but as of the date of such confirming opinion, with the same effect as if restating the contents thereof but without such restatement.

(h) That the aggregate principal amount of the Bonds required to be purchased by the other investors named in Schedule A hereto on and prior to such Closing Date shall be or shall have been purchased by such other investors or by the Purchaser and/or one or more of such other investors or any other person or persons upon the same terms as are contained herein, and that the Company shall at each of the Closing Dates have received the proceeds of bank loans in accordance with Paragraph 2(n) of this Agreement at least equal to the amount which bears the same relation to \$20,000,000 as the principal amount of United States Series Bonds being purchased on such Closing Date bears to \$80,990,000.

(i) That, at or within 30 days prior to the first Closing Date and at or within 30 days prior to the third Closing Date or if two or more Closing Dates have been combined as a result of postponement of any Closing Date or Dates as permitted by Paragraph 3, then at or within 30 days prior to the Closing Date on which the Bonds originally scheduled for sale on May 1, 1958 are to be sold, the Purchaser shall receive a Certificate of Gas Supply (which may be the report of Messrs. DeGolyer & MacNaughton referred to in Paragraph 2(b) hereof brought down in each case to a date within 30 days of the respective Closing Date) to the effect that the date of exhaustion of gas supply will be a date not earlier than October 1, 1976, all terms in this subparagraph (i) being used as defined in the form of Mortgage annexed hereto.

(j) That, at the first Closing Date, Quebec Natural Gas Corporation (i) shall have lawfully acquired and shall have the right to operate and administer the gas distribution system and related facilities in Montreal owned at the date of execution of this Agreement by Quebec Hydro Electric Commission, Montreal Coke and Manufacturing Company, Limited and Keystone Transports Limited, and (ii) shall have obtained funds or obtained commitments for financing in an amount adequate to provide, for such period in the future as Commonwealth Services Inc. shall consider

reasonable in the circumstances, for the conversion of such system and facilities to the distribution of natural gas and the expansion of such system and facilities as contemplated by its gas sales contract with the Company dated July 13, 1955 as amended by the agreement dated September 12, 1955 and by the agreement dated March 26, 1956. The Company shall, at the first Closing Date, deliver to the Purchaser an opinion of counsel, satisfactory in form and substance to the special Canadian counsel for the Purchaser, showing that, in the opinion of said counsel, the condition specified in subsection (i) of this subparagraph (j) has been met and a certificate of Commonwealth Services Inc. showing that, in the opinion of Commonwealth Services Inc., the condition specified in subsection (ii) of this subparagraph (j) has been met.

(k) That, prior to the first Closing Date, Trunk Line shall have received net cash proceeds (before deducting underwriting discounts and commissions and other financing costs) from the issue and sale of any one or more classes of its securities of not less than \$13,500,000 in Canadian funds and that the Legislative Assembly of the Province of Alberta shall have enacted legislation authorizing the Government of the Province of Alberta to underwrite or purchase or to agree to underwrite or purchase up to an aggregate of \$26,500,000 principal amount of bonds of Trunk Line at such times and in such amounts as may be necessary to meet the requirements of the construction program of Trunk Line scheduled for 1957 and 1958. The Company shall, at the first Closing Date, deliver to the Purchaser (i) a certificate of the Company's President or a Vice-President as to whether the condition described in this subparagraph (k) has been met, and (ii) an opinion of counsel, satisfactory in form and substance to the special Canadian counsel for the Purchaser, to the effect that the Legislative Assembly of the Province of Alberta has enacted legislation authorizing the Government of the Province of Alberta to underwrite or purchase, or to agree to underwrite or purchase, the bonds of Trunk Line as stated in the certificate of the President or a Vice-President of the Company being delivered pursuant to the foregoing clause (i).

(l) That the provisions of Section 6 of the Northern Ontario Pipe Line Crown Corporation Act shall be in full force and effect and that the Crown Corporation's requests for loans under said Section made more than 90 days prior to such Closing Date shall have been approved by the Governor in Council prior to such Closing Date; or, in lieu of the foregoing conditions, that other arrangements shall have been made for the financing of the Northern Ontario Section satisfactory to the Purchaser.

(m) That the purchase of the Bonds to be made by the Purchaser on such Closing Date shall be permitted at that time by the laws and any applicable regulations of the jurisdiction to which the Purchaser is subject and such laws and applicable regulations shall not impose on the Purchaser onerous conditions which in effect preclude such purchase, it being acknowledged by the Purchaser that, on the basis of the representations herein contained, such purchase as of the date of the execution of this Agreement would be so permitted and that the present laws and regulations do not impose any such onerous conditions.

(n) That all instruments incident to the authorization and execution of this Agreement, of the Bonds, and of the Mortgage and all proceedings in connection therewith shall be satisfactory in form and substance to the Purchaser and to its Canadian and United States special counsel; and that the Purchaser shall have received copies of all such documents or other evidence (including any certificates from

responsible officers of the Company) as the Purchaser may reasonably request in order to establish the performance of the covenants and satisfaction of the conditions herein contained and the consummation of such transactions and the taking of all corporate proceedings in connection therewith, in form (as to certification and otherwise) and substance satisfactory to the Purchaser and to its said Canadian and United States special counsel.

5. Except as hereinbelow provided, this Agreement is made with the Purchaser with the understanding that the Purchaser represents, and by executing this Agreement the Purchaser hereby represents, to the Company that it is acquiring the Bonds to be purchased by it hereunder for its own account, or as agent for a pension fund, for investment and not with a view to distribution and with no present intention of selling them but subject, nevertheless, to any requirement of law that the disposition of the Purchaser's property shall at all times be within its control. If the Purchaser is a Canadian chartered bank or a Canadian trust company, the Purchaser represents that it is acquiring the Bonds to be purchased by it hereunder for its own account or for the accounts of not more than three of its customers, and that each of such customers has represented to such bank or trust company in writing that such customer is acquiring the Bonds for its own account for investment and not with a view to distribution and with no present intention of selling such Bonds.

6. The Company agrees that if at any time after the last Closing Date, and prior to the registration of Bonds at the request of the Purchaser pursuant to this Paragraph 6, it shall register any securities under the United States Securities Act of 1933, as amended, it will at each such time notify the Purchaser of its intention so to do, and, upon written request from the Purchaser given within ten days after the receipt of any such notice, the Company will use its best efforts to cause all of the Bonds then held by the Purchaser to be registered, at the expense of the Company, under the said Act, and, if necessary, to qualify the Mortgage under the United States Trust Indenture Act of 1939, if such registration and qualification shall be necessary to permit the Purchaser legally to make a sale of Bonds which it then proposes to make.

7. The Company agrees that, so long as the Purchaser shall hold any of the Bonds, it will furnish to the Purchaser as soon as available copies of such proxy statements, financial statements and reports as it shall send to its shareholders and such other reasonable information (including copies of detailed reports submitted to it by the Company's auditors in connection with any annual or interim audit of the books of the Company made by such auditors) as the Purchaser may from time to time request, and that the Purchaser shall have the right, at its own expense, to have its representative visit and inspect any of the properties of the Company or its subsidiary companies and to examine their respective books of account and other records and discuss their affairs, finances and accounts with its officers on reasonable notice and at such reasonable times and as often as the Purchaser may desire.

8. The Company agrees that, so long as the Purchaser shall hold any of the Bonds, it will deliver to the Purchaser (in duplicate if so requested):

(a) within 4 months after the end of each fiscal year (commencing with the fiscal year ended in 1956) comparative income and surplus statements of the Company for such year and the preceding fiscal year and a comparative balance sheet

of the Company as of the end of such year and the end of the preceding year, both in reasonable detail and certified by the chief accounting officer of the Company and by the Company auditors, who shall be independent chartered accountants of recognized standing, together with the written statement of such auditors that, in making the examination necessary for their report on said financial statements, they have obtained no knowledge of any default by the Company in the fulfillment of any of the terms, covenants, provisions or conditions of the Mortgage that would ordinarily come to their attention in making such examination, or, if such auditors shall have obtained knowledge of any such default, they shall disclose in such statement the default or defaults and the nature thereof, but such auditors shall not be liable directly or indirectly to anyone for any failure to obtain knowledge of any default;

(b) within 45 days after the end of each quarter of each fiscal year (commencing with the fourth quarter of the fiscal year ended in 1956) comparative income and surplus statements of the Company for that quarter annual period and the corresponding quarter annual period of the preceding fiscal year and for the twelve months ended with that quarter annual period and the preceding twelve months, and comparative balance sheets of the Company as of the end of that quarter annual period and as of the end of the corresponding quarter annual period of the preceding fiscal year, all in reasonable detail and certified by an officer of the Company; provided, however, that delivery of such statements following the last quarter of any fiscal year may be delayed to a date not later than the date of delivery of the annual statement for such fiscal year as specified in subparagraph (a); and

(c) forthwith after the filing thereof with the Trustee under the Mortgage, a copy, certified by an officer of the Company, of each Certificate of Gas Supply filed by the Company with said Trustee.

If at any time the Company shall have any subsidiary whose assets exceed \$1,000,000, the financial statements referred to in (a) and (b) above shall also be furnished in consolidating form for the Company and any such subsidiary whose accounts are in the ordinary practice of the Company consolidated with its accounts, and if any such subsidiary's accounts are not so consolidated, corresponding separate financial statements for each such unconsolidated subsidiary shall also be furnished.

9. Whether or not the transactions herein contemplated shall be consummated, the Company agrees to pay the reasonable charges and disbursements of Messrs. Davis Polk Wardwell Sunderland & Kiendl and Messrs. Osler, Hoskin & Harcourt and any local counsel employed by them and all of the other law firms and counsel above mentioned, for any services rendered in connection with the subject matter of this Agreement and to reimburse the Purchaser for any out-of-pocket expenses in connection with the transactions contemplated hereby.

10. The Company will pay, and save the Purchaser and any subsequent holder of the Bonds harmless against, any and all liability with respect to all stamp and other taxes (if any) which may become payable or be determined to be payable in connection with the execution and delivery to the Purchaser of the Bonds or of this Agreement or in the event of any modification of the Bonds or waiver or consent under or in respect of the Bonds or the Mortgage or this Agreement, and, if the Purchaser's principal office is in the United States, any and all claims, costs, losses, damages, duties, liabilities and expenses which may be incurred by reason of the delivery of the Bonds in Canada or of their removal to the

United States. The agreements contained in this Paragraph 10 shall survive the purchase by the Purchaser of the Bonds and shall continue in full force and effect unaffected by any subsequent disposition of the Bonds by the Purchaser or payment thereof at maturity, or upon earlier redemption, or otherwise.

11. The Company agrees that, so long as the Purchaser shall hold any of the Bonds, if Northern Ontario Natural Gas Company Limited shall fail to meet the provisions of the contracts between Northern Ontario Natural Gas Company Limited and the Company, the Company will use all reasonable efforts to enforce its rights under such contracts so as to assure the sales of gas in accordance with the Report in the areas in which sales by Northern Ontario Natural Gas Company Limited are contemplated in such contracts and in the Report.

12. The Company agrees that all representations and warranties made by it herein and in any certificate or other instrument delivered by it pursuant hereto shall be deemed to have been relied upon by the Purchaser as being true and correct on the date or dates as of which such representations and warranties are made or purport to be true and correct and shall survive the delivery to the Purchaser of the Bonds purchased pursuant hereto, regardless of any investigation made by or on behalf of the Purchaser.

13. The Company agrees that so long as one or more fully registered Canadian Series Bonds or United States Series Bonds are registered in the name of the Purchaser or its nominee, the Company, if so requested by the Purchaser, will cause payment of the redemption price of any portion of any Bond so registered which may be called for redemption from time to time to be made directly to the Purchaser, at the Purchaser's principal office or at such bank or trust company as the Purchaser may designate, or to such nominee as registered owner without presentation of said Bond to the Trustee for stamping of such partial payment thereon. The Purchaser agrees that, upon receiving or upon its nominee receiving any such payment of the redemption price of a portion of any such Bond, it will, upon written request from the Trustee or the Company, make notation on such Bond, or cause notation to be made thereon in its behalf by such person as it may authorize, of the portion thereof so redeemed, that it will promptly notify the Company and the Trustee under the Mortgage of the making of such notation, and that, whether or not it shall have received any request as aforesaid, it will not dispose of such Bond, or permit its nominee to dispose of such Bond, or of any interest therein without, prior to any delivery thereof, surrendering the same to the Trustee or other registrar under the Mortgage in exchange for a Bond or Bonds of the same series in authorized denominations, aggregating the same principal amount as the principal amount of the Bond or Bonds surrendered which shall remain unpaid. The Company agrees to file with the Trustee under the Mortgage pursuant to §3.04 thereof a certificate stating that the Purchaser has made the agreement with the Company set forth in this Paragraph 13.

14. All communications hereunder shall be in writing and if to the Purchaser shall be mailed or delivered to the Purchaser at the address indicated on page 1 hereof, or, if to the Company, shall be mailed or delivered to it, for the attention of its President, at 160 Bloor Street, East, Toronto, Canada, or at such other address as may hereafter be designated in writing respectively by the Purchaser or the Company as the proper address to which such communications should be mailed or delivered to it.

15. This Agreement shall be construed and enforceable in accordance with the laws of the Province of Ontario, and neither this Agreement nor any provision hereof can be waived, changed, discharged or terminated except by an instrument in writing signed by the party against whom the enforcement of any waiver, change, discharge or termination is sought.

16. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company and the Purchaser.

If you agree with the foregoing, kindly so indicate by signing the acceptance at the foot of this letter and returning the same to the Company, whereupon this letter, as so accepted, shall become a binding agreement between the Company and the Purchaser.

Delivered herewith is a Canadian prospectus relating to the Bonds. By executing this Agreement you acknowledge that you received a copy of such prospectus not less than 24 hours before such execution.

TRANS-CANADA PIPE LINES LIMITED

By
Vice President

The foregoing agreement is hereby accepted.

By

SCHEDULE A

Name of Purchaser	COLUMN I	COLUMN II	COLUMN III				COLUMN IV			
	Aggregate Amount of Canadian Series Bonds to be Purchased	Aggregate Amount of United States Series Bonds to be Purchased	Amount of Canadian Series Bonds to be Purchased at each Closing Date				Amount of United States Series Bonds to be Purchased at each Closing Date			
			June 3, 1997	1997	May 1, 1998	August 1, 1998	January 1, 1999	May 1, 1999	August 1, 1999	
Metropolitan Life Insurance Company	—	\$40,000,000	—	—	—	—	\$ 6,452,000	\$ 8,964,000	\$11,290,000	\$14,194,000
The Prudential Insurance Co. of America	\$ 1,000,000	5,000,000	\$ 161,000	\$ 202,000	\$ 282,000	\$ 355,000	806,000	808,000	1,411,000	1,775,000
Sun Life Assurance Company of Canada	2,000,000	4,000,000	323,000	403,000	564,000	710,000	645,000	806,000	1,129,000	1,420,000
The Manufacturers Mutual Life Insurance Company	—	5,000,000	—	—	—	—	—	—	—	—
The First National City Bank of New York, Agent	—	3,600,000	—	—	—	—	581,000	726,000	1,016,000	1,277,000
The Canadian Bank of Commerce	2,500,000	—	403,000	504,000	706,000	887,000	—	—	—	—
The Royal Bank of Canada	2,500,000	—	403,000	504,000	706,000	887,000	—	—	—	—
Continental Oil Company	—	2,044,000	—	—	—	—	330,000	412,000	577,000	725,000
Tennessee Gas Transmission Company	—	2,044,000	—	—	—	—	330,000	412,000	577,000	725,000
Canadian Delhi Oil Ltd.	—	2,043,000	—	—	—	—	330,000	412,000	577,000	724,000
The Canada Life Assurance Company	—	2,000,000	—	—	—	—	323,000	403,000	565,000	709,000
North American Life Assurance Company	1,500,000	500,000	242,000	302,000	423,000	533,000	81,000	101,000	141,000	177,000
The British American Oil Company Limited	—	1,739,000	—	—	—	—	280,000	351,000	491,000	617,000
Confederation Life Association	1,000,000	700,000	161,000	202,000	282,000	355,000	113,000	141,000	198,000	248,000
The Mutual Life Assurance Company of Canada	1,700,000	—	274,000	343,000	480,000	603,000	—	—	—	—
The Toronto-Dominion Bank	1,025,000	—	165,000	207,000	289,000	364,000	—	—	—	—
The Canadian Bank of Commerce Pension Fund	1,000,000	—	161,000	202,000	282,000	355,000	—	—	—	—
The Great-West Life Assurance Company	—	1,000,000	—	—	—	—	161,000	202,000	282,000	355,000
Imperial Life Assurance Company of Canada	1,000,000	—	161,000	202,000	282,000	355,000	—	—	—	—
The Manufacturers Life Insurance Company	—	1,000,000	—	—	—	—	161,000	202,000	282,000	355,000
Montreal Trust Company	1,000,000	—	161,000	202,000	282,000	355,000	—	—	—	—
The Mutual Life Insurance Company of New York	—	1,000,000	—	—	—	—	161,000	202,000	282,000	355,000
Northwestern National Bank of Minneapolis	—	1,000,000	—	—	—	—	161,000	202,000	282,000	355,000
Northwestern National Life Insurance Company	—	1,000,000	—	—	—	—	161,000	202,000	282,000	355,000
Yale Mutual Life Insurance Company	—	1,000,000	—	—	—	—	161,000	202,000	282,000	355,000
Yale University	—	1,000,000	—	—	—	—	161,000	202,000	282,000	355,000
Crown Life Insurance Company	—	850,000	—	—	—	—	137,000	171,000	240,000	302,000
International Utilities Corporation	250,000	750,000	40,000	50,000	71,000	89,000	40,000	50,000	71,000	89,000
The Monarch Life Assurance Company	750,000	—	121,000	151,000	212,000	266,000	—	—	—	—
Chartered Trust Company Limited	750,000	—	121,000	151,000	212,000	266,000	—	—	—	—
The Pension Fund Society of The Royal Bank of Canada	750,000	—	121,000	151,000	212,000	266,000	—	—	—	—
Bank of Montreal	500,000	—	81,000	101,000	141,000	177,000	—	—	—	—
Bank of Montreal, Main Office, Toronto	500,000	—	81,000	101,000	141,000	177,000	—	—	—	—
The Excelsior Life Insurance Company	500,000	—	81,000	101,000	141,000	177,000	—	—	—	—
The Standard Life Assurance Company of Canada	500,000	—	81,000	101,000	141,000	177,000	—	—	—	—
The United States Life Insurance Company in the City of New York	500,000	—	81,000	101,000	141,000	177,000	—	—	—	—
Central Life Assurance Company	—	500,000	—	—	—	—	81,000	101,000	141,000	177,000
Guaranty Trust Company of New York, Agent	—	400,000	—	—	—	—	65,000	81,000	113,000	141,000
Chartered Trust Company	250,000	—	40,000	50,000	71,000	89,000	—	—	—	—
Dominion Life Assurance Company	250,000	—	40,000	50,000	71,000	89,000	—	—	—	—
Iowa Life Insurance Company	—	250,000	—	—	—	—	40,000	50,000	71,000	89,000
Security Mutual Life Insurance Company	—	250,000	—	—	—	—	40,000	50,000	71,000	89,000
North American Reinsurance Company	—	250,000	—	—	—	—	40,000	50,000	71,000	89,000
The Royal Bank of Canada Trust Company	—	250,000	—	—	—	—	40,000	50,000	71,000	89,000
United Corporations Limited	225,000	—	36,000	45,000	64,000	80,000	—	—	—	—
Power Corporation of Canada Limited	150,000	—	24,000	30,000	42,000	54,000	—	—	—	—
Standard Insurance Company	—	150,000	—	—	—	—	24,000	30,000	42,000	54,000
Standard Power & Paper Company Limited—Pension Fund	100,000	—	16,000	20,000	28,000	36,000	—	—	—	—
The Royal Trust Company, Trustee, The Bell Telephone Company of Canada Pension Fund	100,000	—	16,000	20,000	28,000	36,000	—	—	—	—
The Canada Permanent Trust Company	100,000	—	16,000	20,000	28,000	36,000	—	—	—	—
Reoyal Insurance Company, Limited	100,000	—	16,000	20,000	28,000	36,000	—	—	—	—
The Board of Trustees of The Sheffield Scientific School	—	100,000	—	—	—	—	16,000	20,000	28,000	36,000
London Canadian Investment Corporation	75,000	—	12,000	15,000	21,000	27,000	—	—	—	—
Montreal Life Insurance Company	60,000	—	10,000	12,000	17,000	21,000	—	—	—	—
The Bell Telephone & Paper Corporation Limited	50,000	—	8,000	10,000	14,000	18,000	—	—	—	—
The National Life Assurance Company of Canada	—	50,000	—	—	—	—	8,000	10,000	14,000	18,000
The National Life Assurance Co. of Canada	50,000	—	8,000	10,000	14,000	18,000	—	—	—	—
Life Savings Corporation of Canada	10,000	—	1,600	2,000	2,800	3,600	—	—	—	—
Life Insurance Company	25,000	—	4,000	5,000	7,000	9,000	—	—	—	—
	Can.\$3,912,000	U.S.\$82,990,000	Can.\$3,710,000	Can.\$4,610,000	Can.\$6,670,000	Can.\$8,710,000	U.S.\$16,000,000	U.S.\$20,000,000	U.S.\$28,000,000	U.S.\$36,000,000

As executed the Bond Purchase Agreement has attached as Exhibit I the form of Deed of Trust and Mortgage dated as of January 1, 1957 and as Exhibit II the Note Purchase Agreement dated as of January 1, 1957.

TRANS-CANADA PIPE LINES LIMITED

TO

NATIONAL TRUST COMPANY, LIMITED
As TRUSTEE

Deed of Trust and Mortgage

Dated as of January 1, 1957

TRANS-CANADA PIPE LINES LIMITED

DEED OF TRUST AND MORTGAGE

Dated as of January 1, 1957

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DEED OF TRUST AND MORTGAGE, dated as of the first day of January, 1957, made by and between TRANS-CANADA PIPE LINES LIMITED, a corporation duly incorporated by Special Act of the Parliament of Canada, having its head office at the City of Calgary in the Province of Alberta (herein called the "*Company*"), party of the first part, and NATIONAL TRUST COMPANY, LIMITED, a trust company duly incorporated under the laws of the Province of Ontario, having its principal office in the City of Toronto, Canada (herein called the "*Trustee*"), party of the second part;

WHEREAS, the Company is in the process of constructing certain natural gas pipe line facilities and deems it necessary from time to time to borrow money to finance such construction and for other corporate purposes and to issue its bonds therefor, and to mortgage, pledge and charge its properties hereinafter described to secure the payment of such bonds, and to that end has authorized the issue of its bonds from time to time, unlimited in aggregate principal amount except as hereinafter provided, to be issued in one or more series; and

WHEREAS, the Company has determined to issue initially hereunder two series of bonds, one to be designated "First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978" limited in aggregate principal amount to Can. \$23,010,000, and the other to be designated "First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978" limited in aggregate principal amount to U. S. \$100,990,000; and

WHEREAS, all acts and proceedings required by law and by the Special Act of Incorporation, as amended, and the by-laws of the Company, including all acts requisite on the part of the shareholders, directors and officers necessary to make the bonds of the Company provided for herein, when executed by the Company, authenticated and delivered by the Trustee and duly issued, whether upon the sale, pledge or other disposition thereof, the valid, binding and legal obligations of the Company and to constitute this Indenture the valid, binding and legal instrument for the security of such bonds, in accordance with its and their terms have been done and taken; and

WHEREAS the Trustee has full power and authority to execute this Indenture and to accept and execute the trusts herein imposed upon it;

DEFINITIONS

NOW, THEREFORE, THIS INDENTURE WITNESSETH THAT THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

ARTICLE 1.

DEFINITIONS AND GRANTING CLAUSES.

PART I.

DEFINITIONS.

The terms defined in this Part I of Article 1 shall for all purposes of this Indenture have the meanings herein specified, unless the context otherwise specifies or requires. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined.

Acquired system:

The term "*acquired system*" shall mean any property purchased or acquired by the Company which within six months prior to the date of purchase or acquisition thereof by the Company has been used or operated as a unit by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company; and such term shall include the Northern Ontario Section property additions.

Additional Bonds:

The term "*additional Bonds*" shall mean Bonds which are duly authenticated and delivered pursuant to \$4.03, \$4.04, \$4.05 or \$4.06.

Affiliate:

The term "*affiliate*" of any corporation shall mean any person directly or indirectly controlling, controlled by or under direct or indirect common control with such corporation. A person shall be deemed to control a corporation, for the purpose of this definition, if such person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract, or otherwise.

Appraiser:

The term "*appraiser*" shall mean a person engaged in the business of appraising property or competent to determine the value of the particular property in question, whether or not affiliated with the Company or regularly or at intervals employed by the Company.

Appraiser's Certificate:

The term "*Appraiser's Certificate*" shall mean a certificate conforming to the requirements of §18.06 and signed by an appraiser acceptable to the Trustee.

Authorized newspaper:

The term "*authorized newspaper*", when used in connection with the name of a particular city, shall mean a newspaper customarily published at least once a day for at least five business days (other than legal holidays) per calendar week, printed in the English language and of general circulation in the city in connection with which the term is so used. Whenever successive publications in an authorized newspaper are required by any provision of this Indenture, such successive publications may be made in the same or in different authorized newspapers and, if required to be made in successive or separate calendar weeks, need not be made on the same day of each such calendar week.

Bank Credit Agreement:

The term "*Bank Credit Agreement*" shall mean the Agreement dated as of February 11, 1957 between the Company, The First National City Bank of New York, Mellon National Bank and Trust Company and J. P. Morgan & Co. Incorporated providing for loans to the Company in the aggregate amount of U. S. \$20,000,000.

Bank Notes:

The term "*Bank Notes*" shall mean notes evidencing loans made pursuant to the Bank Credit Agreement.

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Board of Directors:

The term "*Board*" or "*Board of Directors*" shall mean the Board of Directors of the Company or, whenever duly empowered, the Executive Committee of the Board of Directors.

Bondable property:

The term "*bondable property*" shall mean all property additions purchased, constructed, acquired or expended by the Company and all property which would constitute property additions if it were not excluded therefrom by Subdivisions (v) or (vi) of the definition of property additions.

Bonded cost:

The term "*bonded cost*" shall mean, for the purposes of any certificate delivered under this Indenture:

(a) With respect to bondable property not constituting property additions, the gross amount at which the cost of such property was initially recorded on the books of the Company. If the books of the Company do not show any separate gross amount at which the cost of any particular item of such property was so recorded, the bonded cost of such item of property shall be the gross amount at which the signers of the certificate in which the bonded cost is used shall estimate that the cost of such property was so recorded.

(b) With respect to any particular property additions, the amount at which such property additions shall have been first included in any Engineer's Certificate with respect to net bondable value of property additions theretofore or at the time filed with the Trustee, on the basis of the distribution made therein, or, if the distribution does not show the amount with respect to the particular property additions, the amount at which the signers of the Engineer's Certificate in which the bonded cost is used shall estimate that such property additions were first included in any Engineer's Certificate with respect to net bondable value of property additions.

Bondholders:

The term "*Bondholders*" or "*holders of the Bonds*" or "*holders*" shall mean the bearers of any coupon Bonds which are not at the time registered as to principal, and the registered owners of any registered Bonds.

Any reference to a particular percentage or proportion of the Bondholders, or to a particular percentage or proportion of the holders of Bonds of a particular series, shall mean the holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then outstanding under this Indenture, or of all Bonds of the particular series then outstanding under this Indenture, as the case may be, exclusive of Bonds, or of Bonds of the particular series, as the case may be, (i) held by the Company (whether or not theretofore issued) or any other obligor upon the Bonds or by any Related Company or any affiliate of the Company or of any other obligor upon the Bonds, or (ii) pledged to secure any indebtedness of the Company or any other obligor upon the Bonds or any affiliate of either or any Related Company; provided, however, that where such reference is made in connection with any action by or the protection of the Trustee in acting upon the direction or consent of a specified percentage or proportion of Bondholders, such Bonds shall be excluded only if known to the Trustee to be so held or pledged; and provided further that all Bonds of the 1978 United States Series which may at the particular time be pledged as security for any of the Bank Notes shall not be excluded for the purposes of this paragraph regardless of whether any default shall exist with respect to the Bank Notes; and provided further that all other Bonds pledged to secure any indebtedness of the Company or any other obligor upon the Bonds or any affiliate of either or any Related Company may be regarded as outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Related Company or an affiliate of the Company or of any other obligor upon the Bonds. In case of a dispute as to such right to vote, any decision by the Trustee made upon advice of counsel shall, subject to the provisions of §14.02, be full protection to the Trustee.

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Whenever a percentage or proportion of the holders of Bonds of the 1978 Series is referred to in this Indenture, such percentage or proportion shall be determined as if the Bonds of the 1978 Canadian Series and the Bonds of the 1978 United States Series constituted a single series.

All determinations hereunder of percentages or proportions of the Bonds or of the Bonds of any particular series shall be made without distinction between Bonds payable in Canadian currency and Bonds payable in United States currency and without any adjustment for the prevailing rate of exchange between such currencies.

Bonds:

The term "*Bonds*" shall mean any Bonds authenticated and delivered under this Indenture.

The term "*Bonds of the 1978 Canadian Series*" and the term "*Canadian Series*" shall mean any First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978, authenticated and delivered under this Indenture.

The term "*Bonds of the 1978 United States Series*" and the term "*United States Series*" shall mean any First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978, authenticated and delivered under this Indenture.

The term "*Bonds of the 1978 Series*" shall be applicable to and shall include Bonds of the 1978 Canadian Series or Bonds of the 1978 United States Series or both.

The term "*Bonds for the Northern Ontario Section*" shall mean any Bonds authenticated and delivered pursuant to §4.04 or §4.05(b).

The term "*Escrow Bonds*" shall mean any Bonds authenticated and delivered pursuant to §4.05(c).

The term "*coupon Bonds*" shall mean Bonds which are issued with coupons attached; the terms "*fully registered Bonds*" and "*registered Bonds without coupons*" are used interchangeably and shall mean Bonds registered as to both principal and interest; and the term "*registered Bonds*" shall mean both coupon Bonds which are at the time registered as to principal and fully registered Bonds.

The term "*outstanding*", when used with reference to Bonds or Bonds of a particular series, shall mean as of any particular time all

Bonds or all Bonds of the particular series, as the case may be, authenticated and delivered under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation.

(b) Bonds for the payment or redemption of which cash in the appropriate currency or currencies shall have theretofore been deposited with the Trustee or a paying agent for such Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article 6 provided or provision satisfactory to the Trustee shall have been made for such notice or irrevocable authorization shall have been given by the Company to the Trustee to give such notice.

Calendar month:

The term "*calendar month*" shall mean a period beginning with the first day of any month and ending with the last day of such month.

Calendar quarter:

The term "*calendar quarter*" shall mean a period of three consecutive calendar months ending on March 31, June 30, September 30 or December 31 of any year.

Calendar week:

The term "*calendar week*" shall mean a period of seven consecutive days beginning with a Sunday.

Certificate of Gas Supply:

The term "*Certificate of Gas Supply*" shall mean an Independent Engineer's Certificate which, if furnished to the Trustee for any October 1 prior to October 1, 1966, shall state that, in the opinion of the signer, the date of exhaustion of gas supply will be a date not earlier than October 1, 1976 or will be a specified date earlier than October 1, 1976, and, if furnished to the Trustee for October 1, 1966 or

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any October 1 thereafter, shall state that, in the opinion of the signer, the date of exhaustion of gas supply will be a date not earlier than October 1, 1983 or will be a specified date earlier than October 1, 1983.

All references to volumes of gas under this heading "Certificate of Gas Supply" refer to gas at a pressure base of 14.4 pounds per square inch absolute and a temperature of 60 degrees Fahrenheit, and each Certificate of Gas Supply shall state that all volumes therein are stated on that basis.

The term "*short term Certificate*" shall mean a Certificate of Gas Supply which, by reason of the requirements of the second preceding paragraph, states that the date of exhaustion of gas supply will be a specified date.

The Company's "actual volume" or "estimated volume" for any period shall mean and refer to the actual or estimated volume of gas transported or to be transported through the Company's pipe lines, including gas used by the Company and gas unaccounted for but not including any gas owned by others and transported or to be transported for their account.

Each Certificate of Gas Supply shall also state (i) the Company's actual volume during the twelve months ended on the October 31 next preceding the filing of such Certificate and (ii) the date of determination of gas supply for the purpose of such Certificate, which shall be a date not earlier than the October 31 preceding the filing thereof. Each short term Certificate shall also state, in the opinion of the signer, at the date of determination, the total volume of gas supply.

The term "*gas supply*" shall mean the total amount of natural gas in natural gas reserves (including gas in solution or in a common reservoir with oil or distillate and to be produced with such oil or distillate in the form of casinghead gas) (i) which, in the opinion of the signer of the Certificate of Gas Supply, can under sound petroleum engineering practice be considered proved, (ii) which the Company has a right to produce or a contract right to purchase and is authorized by all applicable laws, permits and regulations to purchase and transport or to have transported, and to export from the province of origin, and (iii) which, in the opinion of the signer of the Certificate of Gas Supply (giving due consideration to the location of such reserves in rela-

tion to the pipe lines of the Company or of Trunk Line, to the dedication of any portion of such reserves to others than the Company, to the effect of any applicable proration laws, regulations or orders, to geological factors or other factors affecting deliverability, to the relative rates of withdrawal for the Company and others from such reserves which may reasonably be expected and to all other pertinent factors relative to such reserves) the Company can reasonably expect to produce at economically practicable cost or to receive delivery of under then existing contracts.

The Company's "*gas requirements*" for the purpose of any Certificate of Gas Supply shall be determined as follows:

(a) Unless and until an adjustment has been made pursuant to clause (b) or (c) below, the Company's gas requirements shall be the amounts shown in the following table for the respective periods specified:

Twelve Months Ended October 31	MCF
1958	19,698,000
1959	104,714,000
1960	136,309,000
1961	164,126,000
1962	184,787,000
1963	204,421,000
For each subsequent twelve months ending on October 31.....	204,421,000

(b) If a supplemental report of Commonwealth Services Inc., which the Company hereby agrees to cause to be filed with the Trustee in the month of October 1958, shall show estimated volumes (which shall not include any gas to be delivered to a destination outside Canada) for the Company for any or all of the twelve months' periods ended October 31 in the years 1959, 1960, 1961, 1962 or 1963 larger than the respective amounts shown in the table under (a) above, then in all determinations thereafter of the Company's gas requirements such larger amounts shall be substituted for the corresponding amounts in

said table and any larger amount so substituted for the twelve months ended October 31, 1963 shall also be substituted for the figure 204,421,000 for each such twelve months' period subsequent to October 31, 1963;

(c) If any Certificate of Gas Supply shall show that the Company's actual volume for the twelve months' period ended on the October 31 next preceding the filing of said Certificate exceeded the estimated volume (shown in the table under (a) above, as adjusted, if at all, pursuant to (b) above) for any twelve months' period ending on an October 31 subsequent to the October 31 next preceding the filing of said Certificate, then the amount of such actual volume shall be substituted for such smaller estimated volume or volumes in all determinations thereafter of the Company's gas requirements;

(d) Notwithstanding the foregoing, the Company's gas requirements for the purpose of any Certificate of Gas Supply filed before October 1, 1960 shall be an amount equal to 99% of the amount which would otherwise constitute such requirements as computed pursuant to clauses (a), (b) and (c) above.

The term "*date of exhaustion of gas supply*" shall mean the first date on which the gas supply, in the opinion of the signer of the Certificate of Gas Supply relating thereto, will cease to be deliverable at the rate necessary to permit the Company to meet its gas requirements, determined as herein provided, assuming that the gas in such gas supply is withdrawn after the October 31 preceding the filing of such Certificate and up to said date of exhaustion in quantities equal to the Company's gas requirements, determined as herein provided, and at a steady rate of withdrawal, without allowance for seasonal fluctuations, during the twelve months' period in which said date of exhaustion is to occur. Each Certificate of Gas Supply shall include a statement that, in determining the date of exhaustion of gas supply referred to therein, the signer of such Certificate has given due consideration to (i) fuel or shrinkage loss due to processing, (ii) the effect of any applicable proration laws, regulations or orders, (iii) the extent to which, by methods currently in use, gas may be physically produced without damage to the

reservoir, and (iv) geological factors or other factors affecting deliverability.

Certified resolution:

The term “*certified resolution*” shall mean a copy of a resolution of the Board of Directors certified by the Secretary or an Assistant Secretary of the Company, under its corporate seal, to have been duly passed by the Board and to be in full force and effect on the date of such certification.

City of New York:

The term “*The City of New York*”, or the term “*New York*” when used with reference to a city, shall, unless otherwise specified, refer to and mean the Borough of Manhattan, The City of New York.

Common shares:

The term “*common shares*” of any corporation shall mean any shares of the capital stock of such corporation other than preferred shares.

Company:

The term “*Company*” shall mean Trans-Canada Pipe Lines Limited, the party of the first part hereto, a corporation created by and existing under Special Act of the Parliament of Canada, Statutes of Canada, 1951, 15 George VI, Chapter 92, as such Act has been and may be from time to time hereafter amended, and, subject to Article 13, such term shall also include the successors and assigns of said corporation.

Complete, completed and completion:

The terms “*complete*”, “*completed*” and “*completion*”, when used with reference to the initial stage of pipe line development or the second stage of pipe line development, shall mean the condition of the Project at the Initial Completion Date and the Compressor Station Completion

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Date, respectively, and when used with reference to the Project without specification of a particular stage of pipe line development such term shall mean the condition of the Project at the Compressor Station Completion Date.

Compressor Station Completion Date:

The term "*Compressor Station Completion Date*" shall mean the first date on which (i) the Project is completed with an operating capacity, when operated in conjunction with the Northern Ontario Section, of not less than 570,000 MCF of natural gas per day at a pressure of 14.4 pounds per square inch absolute and a temperature of 60° Fahrenheit, and (ii) gas is being delivered by the Company, or is being tendered by the Company for delivery, at points and in quantities complying with the requirements at the time of the gas sales and transportation contracts of the Company then in effect, the Project as so completed to include

(a) ten compressor stations having an aggregate rated horsepower of not less than 109,800, and

(b) all other items of property acquisition or capital expenditure which under customary pipe line construction procedures constitute part of the Project as so completed.

Construction costs:

The term "*construction costs*" shall mean all payments heretofore or hereafter made (including payments made from funds borrowed by the Company pursuant to the Government Loan Agreement) and all obligations heretofore or hereafter incurred (other than for moneys borrowed) by the Company or for its account to the extent and only to the extent that such payments and such obligations, (i) shall have been made or incurred prior to the Initial Completion Date (except payments made or obligations incurred prior to or after the Initial Completion Date with respect to the costs of acquisition of the Niagara Section or loans or advances to or purchase of debentures of Western Pipe Lines more fully described below in clauses (b) and (c) of this definition), (ii) shall have been made or incurred in connection with the completion of the initial stage of pipe line development (except as

stated in clause (f) of this definition) or the acquisition of the Niagara Section, and (iii) except to an extent not exceeding in the aggregate \$15,000,000, shall be properly chargeable to the fixed property account of the Company under the applicable regulations, rules and orders of the commission or other governmental authority having jurisdiction or supervisory authority over the accounts of the Company, or, if there are no such regulations, rules or orders, then in accordance with sound accounting practice; provided that the term "*construction costs*" shall include, without limitation or duplication but subject to the restrictions contained in the foregoing clauses (i), (ii) and (iii), and in the following subparagraphs, the following:

(a) Costs of acquisition or construction of the Project through the initial stage of pipe line development, including all the costs of property or rights acquired for the right-of-way in, on or under which pipe lines are or are to be located and of all lands and interests in land (including leasehold interests only if they comply with the provisions of subparagraphs (d) or (e) of the definition of property additions) acquired for, or to be used in the operation of, the Project at the Initial Completion Date.

(b) All costs of acquisition of the Niagara Section by the Company from Western Pipe Lines, including the amount, if any, paid to Western Pipe Lines or to any other corporation operating the line for gas constituting the line pack of the Niagara Section.

(c) Any amounts loaned or advanced to or invested in Western Pipe Lines by the Company and used by Western Pipe Lines to retire its outstanding $4\frac{3}{4}\%$ Sinking Fund Debentures, and any amounts paid by the Company to purchase for retirement any of said $4\frac{3}{4}\%$ Sinking Fund Debentures, provided that construction costs under this subparagraph (c) and the foregoing subparagraph (b) shall not exceed in the aggregate \$6,000,000.

(d) Expenses incurred by the Company in connection with financing of the Pipe Line System and in connection with proceedings before any and all governmental commissions and

authorities or legislative bodies of Canada (including the Board of Transport Commissioners for Canada and the Petroleum and Natural Gas Conservation Board of Alberta) and of the United States (including the United States Federal Power Commission and the United States Securities and Exchange Commission) relating to authorization to the Company to acquire, construct, lease and operate the Pipe Line System, purchase, transport or sell natural gas, including any proposed sales to customers at the Canadian-United States boundary, and to issue and sell securities of the Company in connection with such financing.

(e) Expenses incurred by the Company in connection with the negotiation and execution of contracts providing for the purchase, sale or transportation of gas or the sale of gas products.

(f) All expenses incurred by the Company, or on its behalf by predecessor companies, not falling within the provisions of subparagraphs (d) and (e) above which were incurred prior to June 8, 1956, all of which for the purpose of this definition shall be deemed to have been incurred in connection with completion of the initial stage of pipe line development.

(g) The cost of gas used for initial line pack for the Pipe Line System (including the Northern Ontario Section) and for the Trunk Line System.

(h) Interest payments made by the Company on borrowings under the Government Loan Agreement.

(i) General and administrative expenses of the Company.

(j) Costs and expenses incurred in connection with the operation of the Company, and in computing such costs and expenses the amount, if any, by which revenues received by the Company from the sale of gas in any partial or limited operation of the Pipe Line System prior to the Initial Completion Date exceed the expenses of such operation need not be treated by the Company as a credit against the cost of construction for the purposes of this definition.

(k) Costs of labor and services performed or rendered in connection with the acquisition, construction or completion of the Project through the initial stage of pipe line development or any part thereof.

(l) Costs of materials, supplies, machinery, construction equipment and apparatus acquired or used (including rental charges for machinery, equipment or apparatus hired) for and in connection with construction, whether or not such materials, supplies, machinery, equipment and apparatus are to be installed as part of the Project; it being understood that any amount realized by the Company as salvage on any machinery, construction equipment and apparatus, the cost of which shall have been included in construction costs theretofore certified to the Trustee pursuant to §9.03 hereof, shall be treated as a deduction from the amounts which would otherwise thereafter be so certified.

(m) Overhead costs, including, without limitation (i) allowances or charges for taxes, licenses, excises, assessments, engineering, accounting and legal expenses, superintendence, casualties, surety bond and insurance premiums, interest and commitment fees payable with respect to the Bonds of the 1978 Series or other indebtedness (not including the Subordinated Debentures) and (ii) Can. \$6,337,503.90 and U. S. \$2,333,329.60 deposited with the trustee under the Subordinated Debenture Indenture for the payment of interest on the Subordinated Debentures, which amounts shall constitute construction costs upon the making of such deposit without regard to the dates on which such interest will become payable.

(n) Advance payments or deposits on account of the cost of property or services for or in connection with the acquisition, construction and completion of the Project through the initial stage of pipe line development.

Provided, however, that there shall be excluded from payments or obligations otherwise constituting construction costs 60% of the Cana-

dian import duties paid or payable by the Company by reason of the importation into Canada of pipe or materials purchased for use or installation as a part of the Project through the initial stage of pipe line development, and if the Company shall actually receive rebates aggregating in excess of 60% of such import duties paid by the Company, the amount of such excess shall be deducted from construction costs thereafter certified by the Company; and provided further that general and administrative expenses, overhead costs and interest and commitment fees with respect to the initial stage of pipe line development which relate to the period after December 31, 1958 shall not constitute construction costs except upon the conditions and within the aggregate limitation of \$5,000,000 specified in subparagraph (f) of the definition of net earnings of the Company available for interest and property retirement appropriation and net earnings of the Company available for interest in Part I of Article 1 and in subparagraph (A) of §5.19.

The amount of all construction costs, as stated in any certificate filed pursuant to §9.03, shall be stated in Canadian dollars. If any payment representing construction costs shall have been made in any currency other than Canadian dollars, the amount thereof shall, at the time of such payment, be converted into Canadian dollars on the books of the Company in accordance with sound accounting practice.

Construction lien:

The term "*construction lien*" shall mean a mechanic's, laborer's, materialman's, statutory or other similar lien (not including any undetermined or inchoate lien or charge incidental to construction which has not at the time been filed pursuant to law against the Company or any lien or charge which, although filed, relates to obligations not overdue) arising out of the construction or improvement of the mortgaged property or the furnishing of materials or supplies therefor, existing at the particular time upon any of the mortgaged property, which is prior to the lien of this Indenture as security for the Bonds then outstanding or for any additional Bonds then applied for, whether or not there shall at the time be funds held by the Trustee for the payment or satisfaction of such lien.

Construction season:

The term “*construction season*” shall mean that portion of any year in which weather conditions in the areas where the Pipe Line System is being constructed are such that construction operations are considered to be practical according to sound engineering practice.

Corporation:

The term “*corporation*” shall include, except for the purposes of Article 13, joint stock companies and business trusts.

Cost to the Company:

The term “*cost to the Company*”, when used with respect to any particular property additions or any other particular property, shall include, without duplication, the following:

(a) The fair value, at the time of the acquisition by the Company of such property additions or such other property, of any shares of stock or other securities issued or delivered in payment, in whole or in part, for such property additions or such other property.

(b) The principal amount of any purchase money obligations or other obligations which are secured by a lien upon such property additions or such other property and are outstanding at the time of the acquisition by the Company of such property additions or such other property, unless the principal amount of such purchase money obligations or other obligations shall have theretofore been included in the cost of other property additions or other property subject to the same lien.

(c) The amount of any cash paid by the Company, or which the Company is obligated to pay, for such property additions or other property.

(d) The fair value, as stated in an Engineer’s Certificate filed pursuant to §8.03(b), of any property (other than shares of stock or other securities) transferred in payment, in whole or in part, for such property additions or such other property.

(e) With respect to any property constructed by or for the Company, such allowances or charges for interest, taxes, engineering, legal expenses, superintendence, insurance, casualties and other items during construction as are properly chargeable to fixed property accounts under the regulations, rules and orders, if any, with respect to such matters in force at the time of construction, of the commission or other governmental authority having jurisdiction or supervisory authority over the accounts of the Company or, if there are no such regulations, rules or orders, then in accordance with sound accounting practice.

(f) With respect to any property additions consisting of an acquired system, the cost to the Company of any franchises, contracts, operating agreements, or governmental permits or non-bondable property acquired simultaneously therewith, for which no separate or distinct consideration shall have been paid or apportioned.

“Cost to another corporation” of any property of such other corporation shall be determined in a manner similar to the determination of cost to the Company.

Counsel:

The term “*counsel*” shall mean any barrister, solicitor or attorney, or firm thereof, who may be of counsel to the Company, acceptable to the Trustee.

Coupons:

The term “*coupons*” shall mean the interest coupons appertaining to coupon Bonds.

Crown Corporation:

The term “*Crown Corporation*” shall mean Northern Ontario Pipe Line Crown Corporation, a corporation created by and existing under Special Act of the Parliament of Canada, Statutes of Canada, 1956, 4-5 Elizabeth II, Chapter 10, as such Act may be from time to time hereafter amended.

Crown Corporation Lease:

The term "*Crown Corporation Lease*" shall mean the Agreement dated February 8, 1957 between the Company and the Crown Corporation fixing the form of the lease to be entered into between the Company and the Crown Corporation pursuant to the Northern Ontario Section Contract until such lease shall have been entered into and thereafter shall mean the lease entered into in the form fixed by said Agreement, in each case as such Agreement or lease may at the time have been amended or modified as herein permitted.

Deed of subordination:

The term "*deed of subordination*" shall include any deed of subordination executed by the trustee under the Subordinated Debenture Indenture in substantially the form annexed to the Subordinated Debenture Indenture as Schedule D or by any of the shareholders or their agent under the Note Purchase Agreement in substantially the form annexed to the Note Purchase Agreement as Schedule I and delivered to the Trustee under this Indenture or to the holder of any Bond.

Default:

The term "*default*" shall mean

(1) any event of default; or

(2) the occurrence and continuance of an event which, with the giving of notice or the passage of time, or both, would constitute an event of default.

The Company shall "*be in default*" if a default shall have occurred and be continuing.

Depreciated original cost of the Northern Ontario Section property additions:

The term "*depreciated original cost of the Northern Ontario Section property additions*" shall mean the total costs incurred by Crown Corporation in connection with the construction of the Northern Ontario Section prior to the Compressor Station Completion Date or the date on which the Northern Ontario Section in its entirety shall

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have been purchased by the Company, whichever is earlier, which cost shall have been charged and shall be properly chargeable to the fixed property account of Crown Corporation under the applicable regulations, rules and orders of the commission or other governmental authority having jurisdiction or supervisory authority over the accounts of Crown Corporation or, if there are no such regulations, rules or orders, then in accordance with sound accounting practice, less the cost of any property constituting part of the Northern Ontario Section retired by Crown Corporation before the date of the purchase of the Northern Ontario Section by the Company, and less a further amount, as an allowance for depreciation, equal to $3\frac{1}{2}\%$ per annum of the total costs so incurred by Crown Corporation (except the cost of non-depreciable property and the cost of any such property retired as aforesaid) for the period from the Initial Completion Date (or from January 1, 1959 if prior to the Initial Completion Date) or from such later date on which such costs were incurred by Crown Corporation to the date of the purchase of the Northern Ontario Section by the Company.

Dollar; Canadian dollar:

Except as otherwise expressly provided herein, the term “*dollar*” and the sign “\$”, when used without express reference to any country or currency, and the term “*Canadian dollar*”, shall mean a dollar in lawful money of Canada at the particular time specified in respect thereof.

Engineer:

The term “*engineer*” shall mean a person engaged in engineering or geological work or business relating to the estimating of natural gas reserves, the construction of natural gas pipe lines or the production or transmission of natural gas, whether or not such person is employed by or in any way affiliated with the Company.

Engineer's Certificate:

The term “*Engineer's Certificate*” shall mean a certificate conforming to the requirements of §18.06 and signed by the President or a Vice President of the Company and by an engineer acceptable to the Trustee.

Event of default:

The term "*event of default*" shall mean any event of default specified in §10.01, continued for the period of time, if any, therein designated.

Fair value:

The term "*fair value*" or "*fair value to the Company*", when used with respect to any particular property, shall mean the fair value thereof or the fair value thereof to the Company, as the case may be, determined as of the following dates:

(a) In the case of property described in an Engineer's Certificate with respect to net bondable value of property additions filed with the Trustee, as of a date not more than 90 days prior to the date of filing of the first Engineer's Certificate in which such property is described.

(b) In the case of property described in any other certificate filed with the Trustee, as of a date not more than 90 days prior to the date of filing of such certificate.

(c) In other cases, as of a date not more than 90 days prior to the particular time in question.

Any of the certificates described in Subdivisions (a) and (b) above shall be deemed to have been filed at the time when all of the documents, cash and securities, required to be filed, paid or delivered for the granting of the application in connection with which such certificate is filed, shall have been filed, paid or delivered, as required by this Indenture.

The "*fair value*" of any particular property subject to any lien shall be determined as if such property were free of such lien.

The "*fair value*" of any property additions consisting of an acquired system shall not include any amount for any franchises, contracts, operating agreements or governmental permits or non-bondable property acquired simultaneously therewith, whether or not separate or distinct consideration shall have been paid for or apportioned to such franchises, contracts, operating agreements or governmental permits or property.

Force majeure:

The term "*force majeure*" shall mean (i) acts of God, strikes, lockouts by others than the Company, other labor or industrial disturbances, civil disturbances, interruptions or delays caused by government or court orders, future valid orders of any regulatory body having jurisdiction, acts of the public enemy, wars, riots, sabotage, blockades, embargoes, insurrections, epidemics, snowslides, landslides, lightning, earthquakes, fires, storms, floods, washouts, weather conditions preventing or materially impairing construction work, or explosions, (ii) to the extent not attributable to the fault of the Company, failure or inability to secure materials or labor by reason of priority or similar regulations or orders of any government, delays in manufacture or delivery of materials or equipment on order, or delays in shipping or transportation, (iii) to the extent not attributable to any failure by the Company to perform any contractual obligation, the failure of Crown Corporation or of Trunk Line to complete their respective facilities or delay in such completion, and (iv) any other cause beyond the control of the Company whether or not of the character hereinabove enumerated.

Funded debt:

The term "*funded debt*" shall mean all indebtedness (other than indebtedness represented by Subordinated Debentures) created, assumed or guaranteed by the Company, or indebtedness of others upon which the Company customarily pays interest charges, which is not payable on demand and which matures by its terms, or which the Company has the right at its option to renew or extend to a date, more than eighteen months after the date of its creation, assumption or guarantee by the Company or the date on which the Company thus commenced to pay interest charges thereon. "Funded debt" shall include either the Bank Notes or the Bonds pledged to secure them, but not both, provided, however, that, if any of such Bonds shall have been duly sold by the pledgee thereof after default on any of the Bank Notes, funded debt shall include both the Bonds so sold and the balance due on such Bank Notes after the application of the proceeds of the sale of such Bonds. The amount of the funded debt of the Company shall be ascertained in Canadian dollars, with amounts payable in United States

dollars being converted as of the date as of which funded debt is being determined.

Government Loan Agreement:

The term "*Government Loan Agreement*" shall mean and refer to the Agreement dated May 8, 1956, as heretofore or hereafter from time to time amended, between Her Majesty the Queen in right of Canada and the Company.

Government Mortgage:

The term "*Government Mortgage*" shall mean and refer to the Indenture of Mortgage between the Company and the Crown Corporation dated June 7, 1956 to secure 5% First Mortgage Bonds of the Company, as heretofore or hereafter from time to time supplemented or amended.

Governmental authorizations:

The term "*governmental authorizations*" shall mean and refer collectively to authorizations, consents, exemptions, permits and approvals from governmental bodies.

Gross property additions:

The term "*gross property additions*", as applied to any particular period, shall mean all of the property additions purchased, constructed, acquired or expended by the Company during such period, without deduction for any property additions retired during such period.

Indebtedness:

The term "*indebtedness*", as to any corporation, shall mean and include, without duplication, (a) all items of indebtedness or liability which in accordance with sound accounting practice would be considered to be direct indebtedness or liabilities of such corporation as at the date as of which indebtedness is to be determined; (b) the full amount of all liabilities of others for the repayment, either in money or in property, of borrowed money, guaranteed or endorsed (otherwise than for purposes of collection) by such corporation, or which such corporation is obli-

gated, contingently or otherwise, to purchase, or on which such corporation is otherwise contingently liable; and (c) liabilities secured by purchase money mortgages or liens on property owned by such corporation or acquired by such corporation after the date of execution of this Indenture or by mortgages or liens existing on such subsequently acquired property at the time of acquisition thereof by such corporation or by conditional sales or other title retention agreements with respect to any such subsequently acquired property, whether or not such liabilities shall have been assumed by such corporation.

Indenture:

The term “*the Indenture*”, or “*this Indenture*” shall mean this instrument as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture; and the expressions “hereto”, “herein”, “hereof”, “hereby”, “hereunder” and similar expressions refer to the Indenture as so defined and not to any particular Article, Section, Part or other Subdivision hereof.

Independent:

The term “*independent*”, when applied to any appraiser or engineer, shall mean such a person who is in fact independent, but such person may be regularly retained by the Company, any affiliate thereof or any other obligor under the Indenture or upon any of the Bonds. If such person be an individual, he shall not be a director, officer or employee of the Company or of an affiliate of the Company or of any other obligor under this Indenture or upon any of the Bonds. If such person be a co-partnership or corporation, it shall not be an affiliate of the Company or of any other obligor under this Indenture or upon any of the Bonds and shall not have a partner, director or officer who is a director, officer or employee of the Company or of any affiliate of the Company or of any such obligor.

Independent Appraiser's Certificate:

The term “*Independent Appraiser's Certificate*” shall mean a certificate conforming to the requirements of §18.06 and signed by an independent appraiser acceptable to the Trustee.

Independent chartered accountant:

The term “*independent chartered accountant*” shall mean any chartered accountant or firm of chartered accountants of recognized standing in Canada, selected or approved by the Board of Directors of the Company, which is in fact independent, whether or not said accountant or firm of accountants regularly acts as auditor for the Company.

Independent Chartered Accountant's Certificate:

The term “*Independent Chartered Accountant's Certificate*” shall mean a certificate or opinion signed by an independent chartered accountant acceptable to the Trustee.

Independent Engineer's Certificate:

The term “*Independent Engineer's Certificate*” shall mean a certificate conforming to the requirements of §18.06 and signed by an independent engineer acceptable to the Trustee.

Initial Completion Date:

The term “*Initial Completion Date*” shall mean the first date on which (i) the Project is completed with an operating capacity, when operated in conjunction with the Northern Ontario Section, of not less than 300,000 MCF of natural gas per day at a pressure of 14.4 pounds per square inch absolute and a temperature of 60° Fahrenheit and (ii) gas is being delivered by the Company, or is being tendered by the Company for delivery, at points and in quantities complying with the requirements at the time of the gas sales and transportation contracts of the Company then in effect, the Project as so completed to include

(a) five compressor stations having an aggregate rated horsepower of not less than 27,700, and

(b) all other items of property acquisition or other capital expenditure which under customary pipe line construction procedures constitute part of the Project as so completed and which shall be necessary, with the addition of the facilities included in the second stage of pipe line development (and no other addi-

tional facilities except those to be added to the Northern Ontario Section), for the operation of the Project at an operating capacity, when operated in conjunction with the Northern Ontario Section, of not less than 570,000 MCF of natural gas per day at a pressure of 14.4 pounds per square inch absolute and a temperature of 60° Fahrenheit, of which not less than 350,000 MCF is to be deliverable at or beyond the point near Woodbridge, Ontario, referred to in the definition of the Project.

Initial issue date:

The term “*initial issue date*”, when used without specific reference to Bonds of a particular series, shall mean the actual date on which the first Bonds of the 1978 Series are initially sold or otherwise disposed of for value by the Company.

The term “*initial issue date*”, when used with respect to Bonds of any particular series, shall mean the actual date on which the first Bonds of such particular series are initially sold or otherwise disposed of for value by the Company.

Initial stage of pipe line development:

The term “*initial stage of pipe line development*” shall mean the purchase, construction or other acquisition of the property and facilities required to be included in and to constitute the Project at the Initial Completion Date.

Interest payment date:

The term “*interest payment date*” shall mean, in respect of Bonds of the 1978 Series, each April 1 and October 1, commencing October 1, 1957, and, in respect of Bonds of any other series, the dates established for the payment of interest thereon as herein provided.

Judgment lien:

The term “*judgment lien*” shall mean the lien in respect of a judgment, award or attachment, or in respect of a claim filed against the Company, existing at the particular time upon any of the specifically mortgaged property, which is prior to the specific lien of this Inden-

ture thereon as security for the Bonds then outstanding or for any additional Bonds then applied for.

Lien of the Indenture:

The term “*lien hereof*”, “*lien of the Indenture*” or “*lien of this Indenture*” shall mean the first fixed and specific mortgage hypothec pledge and charge and the floating charges created or intended to be created by the Granting Clauses of this Indenture (including the after-acquired property clauses hereof) and the Second Schedule hereto, or created by any instrument subsequently delivered to the Trustee or otherwise created for the purpose of constituting any property a part of the security held by the Trustee hereunder as part of the trust estate.

Liens upon rights-of-way for pipe line purposes:

The term “*liens upon rights-of-way for pipe line purposes*” shall mean any liens, mortgages, or other encumbrances (in this definition referred to as “*liens*”) created by others than the Company or existing without the act or default of the Company and any renewal or extension of any such liens, which at the particular time in question are liens upon lands over which easements, servitudes or rights-of-way for pipe line right-of-way purposes are held, or in the case of public lands over which leases, easements, servitudes, rights-of-way, permits, licenses, franchises or grants from any municipality or governmental authority for pipe line right-of-way purposes are held, securing bonds, other indebtedness, taxes, assessments, governmental advances or other charges which have not been assumed or guaranteed by the Company or on which the Company does not customarily pay interest charges, if such liens, in the opinion of counsel, will not in the aggregate materially impair the use of such easements, servitudes, rights-of-way, leases, permits, licenses, franchises or grants (in this definition hereinafter referred to as “*rights-of-way*”) for the purposes for which they are held by the Company; and in the case of a lien which, in the opinion of counsel, is not minor, such lien shall be included in this definition only if the Company has the right to obtain the right-of-way free and clear of such lien by the exercise of its power of expropriation and has filed with the Trustee an Officers’ Certificate specifying such lien and the

right-of-way to which it relates and a written undertaking that it will, if necessary or desirable or upon the written request of the Trustee, either exercise or cause to be exercised such right of expropriation or otherwise remove such lien or cause such lien to be postponed to the specific lien of this Indenture.

Maximum annual service charge:

The term “*maximum annual service charge*”, when used with respect to the Bonds and any purchase money obligations of the Company that may be outstanding, shall mean the maximum amount which may become payable in any full fiscal year (of 12 calendar months) of the Company within the life of the Bonds then outstanding and then about to be issued, for interest on and amortization of such Bonds and purchase money obligations. The amount payable for amortization shall include the amount of any sinking, purchase or other analogous fund for such Bonds or purchase money obligations and the amount payable on account of principal on such Bonds or purchase money obligations of any series which mature serially, other than at the final maturity date of the Bonds or purchase money obligations of such series. If the amount of any contingent sinking, purchase or other analogous fund or any contingent portion of any such fund for any period shall be based upon any operating results (such as earnings of the Company or the rate of transmission, distribution or sale of gas) during such period, the contingent fund or contingent portion of the fund shall, for the purpose of this definition, be based upon the operating results of the 12 calendar months’ period for which the net earnings certificate is being given in which the maximum annual service charge is being used. If the amount of any sinking, purchase or other analogous fund shall be subject to variation on the basis of the quantity or deliverability or date of exhaustion of any gas supply, the amount of such fund, for the purpose of this definition, shall be the amount required for the 12 calendar months’ period commencing on the January 1 next preceding the filing of the certificate in which the maximum annual service charge is being used, if the amount so required is larger than the amount computed under this definition without regard to the provisions for such variation.

Mortgaged property:

The term “*mortgaged property*” shall mean as of any particular time the property which is then subject or is intended to be then subject to the lien of this Indenture.

Net bondable value:

The term “*net bondable value*” when used with respect to any property additions, shall mean, at any particular time, the aggregate (in Canadian dollars) of the bonded cost of all property additions included in the Engineer’s Certificates theretofore and then being filed with respect to the net bondable value of such property additions, less the aggregate of all deductions required to be made therefrom in the respective Engineer’s Certificates.

Net earnings of the Company available for interest and property retirement appropriations
and

Net earnings of the Company available for interest:

The term “*net earnings of the Company available for interest and property retirement appropriations*” shall be determined in terms of Canadian currency and shall mean the total operating and non-operating revenues of the Company, including interest and dividends upon securities held by the Company, less all operating expenses, expenditures for ordinary repairs and maintenance, accruals for taxes (other than income and excess profits taxes or other taxes which are imposed on income after the deduction of interest charges), and non-operating expenses, but excluding all appropriations for depreciation, depletion, amortization or other property retirement, all interest charges, and all amortization of stock and debt discount, expense or premium; provided, however, that the total amount of net non-operating income (non-operating revenues less non-operating expenses) so included shall not exceed 10% of the net earnings of the Company available for interest and property retirement appropriations so computed, including the net non-operating income so included, and provided further that revenues and expenses relating to the production of oil and gas shall constitute non-operating revenues and expenses for

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the purposes of this definition. Net earnings of the Company available for interest and property retirement appropriations shall be determined in accordance with the following additional requirements:

(a) No interest received by the Company on obligations of any subsidiary of the Company which is in excess of the net earnings available for interest of such subsidiary for the corresponding period, and no dividends received by the Company upon stock of any subsidiary which are in excess of the net earnings of such subsidiary for the corresponding period, shall be included in the revenues of the Company in making such computations.

(b) No profits or losses from the sale or abandonment or revaluation of capital assets, and no increase or diminution in value of securities or other investments, shall be included in making such computations.

(c) In case the Company shall have obtained the release of any single item of property pursuant to §8.03, of a fair value in excess of \$500,000 as shown by the Engineer's Certificate required by §8.03, or shall have obtained the release of any single item of property pursuant to §8.04, the proceeds of which shall have exceeded \$500,000, within or after the particular period for which the calculation of net earnings of the Company available for interest and property retirement appropriations or available for interest is made, then in computing such net earnings of the Company the net earnings or net losses of such item of property available for interest and property retirement appropriations or available for interest, as the case may be, for the whole of such period shall be excluded to the extent practicable on the basis of actual earnings and expenses of such property or on the basis of such estimates of the earnings and expenses of such property as shall be set forth and stated to be based on reasonable allocations in an Independent Chartered Accountant's Certificate filed with the Trustee.

(d) In case the Company shall have acquired any acquired system within or after the particular period for which the calculation of net earnings of the Company available for interest and

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property retirement appropriations or available for interest is made, then, in computing the net earnings of the Company available for interest and property retirement appropriations or available for interest, there shall be included, to the extent that they may not have been otherwise included, the net earnings or net losses of such acquired system available for interest and property retirement appropriations or available for interest, as the case may be, for the whole of such period. The net earnings or net losses of such acquired system available for interest and property retirement appropriations or available for interest for any period preceding such acquisition shall be ascertained and computed as provided in the foregoing subdivisions of this definition as if such acquired system had been owned by the Company during the whole of such period.

(e) Net earnings of the Company available for interest and property retirement appropriations or available for interest, as computed under these definitions, shall in no event be increased by any credit taken by the Company for interest during construction.

(f) General and administrative expenses of the Company and overhead costs (other than interest) with respect to the initial stage of pipe line development shall not be capitalized in whole or in part with respect to any period after December 31, 1958 but shall be charged in full as operating expenses even though the initial stage of pipe line development shall not have been completed by December 31, 1958, except that if and so long as the delay in completion of the initial stage of pipe line development beyond December 31, 1958 is due to force majeure, such general and administrative expenses and overhead costs may be capitalized (i) if the aggregate of the amount so capitalized with respect to said period subsequent to December 31, 1958, and the amount of interest charged to construction for the period subsequent to December 31, 1958 with respect to the initial stage of pipe line development as permitted by subparagraph (A) of §5.19 does not exceed \$5,000,000 and (ii) if and to the extent that the capitalization of such general and administrative expenses and overhead costs is in accordance with the pertinent

system of accounts prescribed by the commission or other governmental authority to whose jurisdiction the Company at the time is subject or, in the absence of such a system, is in accordance with sound accounting practice.

The term "*net earnings of the Company available for interest*" shall mean the net earnings of the Company available for interest and property retirement appropriations less the greater of (a) the amount charged by the Company on its books for depreciation, depletion, amortization or other property retirement (or, if the amount so charged was not computed by the straight line method, the amount which, based on the estimated useful life used by the Company in its computations, would have been charged if the Company had applied the straight line method) or (b) an amount equal to $3\frac{1}{2}\%$ per annum of the gross depreciable property of the Company, computed on a straight line basis. If the initial stage of pipe line development shall not have been completed by December 31, 1958, in computing net earnings of the Company available for interest for any period after December 31, 1958 and prior to the Initial Completion Date a deduction shall be made for depreciation in an amount equal to $3\frac{1}{2}\%$ per annum of all depreciable property owned by the Company at December 31, 1958 and acquired thereafter prior to the Initial Completion Date, in either case as a result of the initial stage of pipe line development, even though no such deduction for depreciation would be required by the system of accounts referred to above or by sound accounting practice for such period.

The net earnings of property and net earnings of another corporation available for interest and property retirement appropriations or available for interest, shall be computed in the manner provided in the definitions for the computation of net earnings of the Company available for interest and property retirement appropriations or for the computation of net earnings of the Company available for interest.

The net earnings available for interest and property retirement appropriations or available for interest, whether of the Company or of some other corporation or of any item of property or any acquired system, shall, to the extent not otherwise provided in this definition, be determined in accordance with the pertinent system of accounts prescribed by any commission or other governmental authority to whose

jurisdiction the Company or such other corporation or such property or acquired system may be subject, or in the absence of such a system in accordance with sound accounting practice.

Niagara Section:

The term "*Niagara Section*" shall mean the pipe line (together with other related properties and facilities) extending from a point near Sheridan, Ontario, a distance of approximately 76 miles to a point on the international boundary between the United States and Canada north of the City of Niagara Falls, which pipe line and related properties and facilities, at the date of delivery of this Indenture, are owned by Western Pipe Lines, a subsidiary of the Company, and leased by Western Pipe Lines to Niagara Gas Transmission Limited under the terms of an Indenture of Lease dated November 1, 1954.

Non-bondable property:

The term "*non-bondable property*" shall mean any property at any time owned or acquired by the Company other than bondable property.

Northern Ontario Section:

The term "*Northern Ontario Section*" shall mean the pipe line and properties and facilities appurtenant thereto to be constructed by the Crown Corporation and to be leased to and operated by the Company pursuant to the Crown Corporation Lease and the Northern Ontario Section Contract, consisting of (i) a main pipe line of 30 inch diameter pipe commencing at the point of connection with the western section of the Project at the Manitoba-Ontario border and extending to the neighborhood of Fort William and Port Arthur, Ontario and thence to the point of connection with the eastern section of the Project near Kapuskasing, Ontario; (ii) a compressor station having an aggregate rated horsepower of not less than 5,000 at the Initial Completion Date, and four additional compressor stations, with the five stations having an aggregate rated horsepower of not less than 50,000, at the Compressor Station Completion Date; and (iii) all river crossings, dehydration plants, regulator stations, metering stations, telephone lines, communication systems, water lines and systems and other structures and equipment appurtenant to said pipe line or used in connection therewith.

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Northern Ontario Section Contract:

The term "*Northern Ontario Section Contract*" shall mean and include (i) the Agreement dated November 21, 1955 between Her Majesty the Queen in right of Canada and the Company, and (ii) the Agreement dated January 30, 1957 among said parties and Crown Corporation as such Agreements have heretofore been or may hereafter from time to time be amended or supplemented.

Northern Ontario Section property additions:

The term "*Northern Ontario Section property additions*" shall mean property constituting property additions purchased by the Company from the Crown Corporation pursuant to the Crown Corporation Lease and the Northern Ontario Section Contract, but shall not include:

- (i) Production property or production expenditures.
- (ii) Plants for extracting hydrocarbons or other materials from natural gas.
- (iii) Underground storage systems for the storage of gas in gaseous or liquefied state.
- (iv) Any property not purchased, constructed or otherwise acquired by Crown Corporation in connection with the construction of the Northern Ontario Section.

Note Purchase Agreement:

The term "*Note Purchase Agreement*" shall mean the Agreement dated as of January 1, 1957 between the Company and some of its shareholders and the Trustee hereunder and the trustee under the Subordinated Debenture Indenture providing for the purchase by such shareholders of Subordinated Income Notes, as said Agreement may have heretofore been or may hereafter from time to time be amended or supplemented.

Officers' Certificate:

The term "*Officers' Certificate*" shall mean a certificate conforming to the requirements of §18.06 and signed by the President or a Vice

President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Company.

Opinion of Counsel:

The term "*Opinion of Counsel*" shall mean an opinion or opinions in writing signed by counsel and conforming to the requirements of §18.06.

Paying agent:

The term "*paying agent*" shall mean any person appointed as provided in §5.04 by the Company, at the place specified in such appointment, to pay the principal of or premium (if any) or interest on any of the Bonds.

Permitted liens:

The term "*permitted liens*" shall mean the following:

(a) Liens upon rights-of-way for pipe line purposes.

(b) Undetermined or inchoate liens and charges incidental to construction, maintenance or operation which have not at the time been filed pursuant to law against the Company and any liens and charges incidental to construction, maintenance or operation which, although filed, relate to obligations not overdue.

(c) The right reserved to, or vested in, any municipality or governmental or other public authority, by the terms of any franchise, grant, license, permit or lease or by any statutory provision specifically relating thereto, to terminate such franchise, grant, license, permit or lease or to purchase, condemn, appropriate or recapture, or designate a purchaser of, any of the mortgaged property, but only if the exercise of such rights, otherwise than for the default of the holder or lessee, will not materially impair the operation of the Pipe Line System and if the terms of such franchise, grant, license, permit or lease or statute do not contain any provisions giving to such authority the right to take over any property of the Company located or constructed thereon without the payment of fair consideration therefor.

(d) The lien of taxes and assessments for the then current year.

(e) The lien of taxes and assessments not at the time overdue and liens securing workmen's compensation assessments.

(f) The lien of specified taxes and assessments which are overdue but the validity of which is being contested at the time by the Company in good faith, unless thereby in the opinion of counsel or of the Trustee any of the specifically mortgaged property may be lost or forfeited.

(g) The lien or any right of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease.

(h) Defects or irregularities in the titles to any property which defects or irregularities, in the opinion of counsel, are of a minor nature and in the aggregate will not materially impair the use of such property for the purposes for which it is held by the Company; and, with respect to any easement, servitude or other right-of-way acquired by the Company for pipe line right-of-way purposes (hereinafter in this subdivision (h) referred to as "right-of-way"), defects or irregularities in the titles to any such right-of-way which, in the opinion of counsel, are not of a minor nature, if

(i) the Company has filed with the Trustee an Officers' Certificate specifying each such defect or irregularity and the right-of-way to which it relates,

(ii) the Company, in the opinion of counsel, has the right to acquire by expropriation good title to such right-of-way and the Company has filed with the Trustee a written undertaking that it will, if necessary or desirable or upon the written request of the Trustee, either exercise or cause to be exercised such right of expropriation or otherwise remove such defects or irregularities, and

(iii) in the opinion of counsel such defects or irregularities will not materially impair the use of such right-of-way for the purposes for which it is held by the Company.

(i) Permits, rights-of-way, easements, licenses and other rights and privileges granted or conveyed by the Company as permitted by Subdivision (e) of §8.02; all rights held by a person who had the power to acquire the same by expropriation and all easements, servitudes or rights in land granted to or vested in public utilities, pipe line owners, common carriers and/or similar bodies or granted to or vested in any municipality or government or public authority, which in the aggregate do not materially impair the usefulness in the business of the Company of the property subject to such rights, easements or servitudes.

(j) Rights reserved to or vested in any municipality or governmental, statutory or public authority to control or regulate any property of the Company or to use such property in any manner which does not materially impair the use of such property for the purposes for which it is held by the Company.

(k) Any obligations or duties, affecting the property of the Company, to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the Company under government permits, leases or other grants, which obligations and duties and defects in the aggregate do not materially impair the use of such property, structures and facilities for the purposes for which they are held by the Company.

(l) Any judgment lien in an amount not in excess of \$100,000, or the execution or enforcement of which has been stayed or which has been appealed and secured, if necessary, by the filing of an appeal bond, or any judgment lien in respect of which moneys in the amount thereof have been deposited with the Trustee to be held as a part of the trust estate and to be withdrawn only as provided in §9.05.

(m) Zoning laws and ordinances, and municipal by-laws and regulations; provided that they do not interfere materially with

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the use by the Company of the property affected thereby for the purpose for which such property is held by the Company.

(n) Reservations and other matters relating to titles to leases and leasehold interests in oil and gas properties and the lands covered thereby, if such reservations and other matters do not, in the aggregate, materially affect the marketability of the Company's title thereto, and do not materially impair the use of such leases or leasehold interests for the purposes for which they are held by the Company or the value of the Company's interests therein.

(o) At any time prior to, but not at or after, the first authentication and delivery of Bonds of the 1978 Series hereunder, the Government Mortgage and any other lien which the Company may create to secure repayment of borrowed money.

Person:

The term "*person*" shall mean an individual, corporation, partnership, trust (where the interests of the beneficiaries are evidenced by securities), unincorporated organization or government or political subdivision thereof.

Pipe line right-of-way purposes:

The term "*pipe line right-of-way purposes*" when used in connection with the words "easements," "servitudes," "rights-of-way," "leases," "permits," "licenses," "franchises" or "grants" shall mean for the purpose of pipe lines, metering or regulating stations, communication or power lines, water lines, valves, cathodic protection units, pipe line bridges, river crossings, or similar facilities forming part of or appurtenant to pipe lines.

Pipe Line System:

The term "*Pipe Line System*" shall mean the Project and the Northern Ontario Section, whether or not the Northern Ontario Section shall at the time have been acquired by the Company, and at any time after the Niagara Section shall have been acquired by the Company, the term "*Pipe Line System*" shall include the Niagara Section.

Pipe lines:

The term "*pipe lines*" shall mean pipe lines for the gathering, transmission or distribution of natural, manufactured or mixed gas.

Pledged securities:

The term "*pledged securities*" shall mean the shares described in Part Three of the Second Schedule of this Indenture and all other bonds, notes, other evidences of indebtedness, shares of capital stock and other securities (except instruments evidencing purchase money obligations) pledged under the provisions of this Indenture.

Preferred shares:

The term "*preferred shares*" of any corporation shall mean any shares of the capital stock of such corporation the right of which to share in distributions of earnings and assets is in preference to that of one or more other classes of capital stock thereof.

Prior lien:

The term "*prior lien*" shall mean a mortgage, hypothec, pledge, charge, encumbrance or other lien prior to the specific lien of this Indenture, existing at the particular time upon any of the specifically mortgaged property, excepting judgment liens, construction liens and permitted liens.

Production expenditures:

The term "*production expenditures*" shall mean the cost to the Company of the acquisition and development of production property, including the Company's portion of all drilling expense, tangible or intangible, whether or not such drilling shall result in the production of any oil or gas and whether or not such drilling is on or relates to acreage of the Company included in any unitized tract which is being developed pursuant to an agreement providing for the sharing between the Company and others of production expenditures and of the benefits of development and with respect to which there exists no lien or other encumbrance which would prevent such sharing of the benefits of development.

Production property:

The term "*production property*" shall mean all oil or gas leases, rights in and under oil or gas leases and interests or royalties therein, all oil or gas acreage and all equipment, appliances and other property used for the drilling for and production of oil or gas, including rigs, tanks, separators, drilling and cleaning equipment and all pipe casing, tubing and other materials in, on or used in connection with wells, inclusive of the outlet valve.

Project:

The term "*Project*" shall mean the pipe lines and properties and facilities appurtenant thereto constructed or to be constructed and to be owned and operated by the Company consisting of (i) a main pipe line commencing at a point in Alberta near the Alberta-Saskatchewan border near Burstall, Saskatchewan, extending as a 34 inch diameter line to a point near Winnipeg, Manitoba; thence continuing as a 30 inch diameter line to a point on the Manitoba-Ontario border where it is to connect with the Northern Ontario Section; commencing again at the eastern end of the Northern Ontario Section near Kapuskasing, Ontario, extending as a 30 inch diameter line to a point near Woodbridge, Ontario, at which point the main line is to divide, with one section, consisting of 24 inch diameter pipe, extending to a connection with the Niagara Section, and the other section, consisting of 20 inch diameter pipe, extending to a terminal point on the Island of Montreal; (ii) a branch line, consisting of 12¾ inch diameter pipe, extending from a point on the 20 inch main line near Morrisburg, Ontario to a point near Ottawa, Ontario; (iii) compressor stations meeting the applicable requirements for such stations set forth in the definitions of the terms "Initial Completion Date" and "Compressor Station Completion Date"; and (iv) all river crossings, gas purification plants, dehydration plants, regulator stations, metering stations, telephone lines, communication systems, water lines and systems and other structures and equipment appurtenant to said pipe lines described in clauses (i) and (ii) above or used in connection therewith.

The term "*Project*" shall not include the Northern Ontario Section or the Niagara Section.

Property additions:

The term "*property additions*" shall mean any real estate, rights-of-way, easements, plants, stations, buildings and structures, gathering systems, underground storage systems or other reservoirs or facilities for the storage of gas in gaseous or liquefied state (but only to the extent that the aggregate cost to the Company of such storage systems, reservoirs or facilities does not exceed \$10,000,000), metering stations, regulating stations, compressor stations, transmission lines, delivery lines, field and well lines, water lines, distribution lines, supply systems, production property and (without duplication) production expenditures (but only to the extent that the aggregate of the cost to the Company of such production property and the amount of production expenditures does not exceed \$25,000,000), plants for extracting hydrocarbons or other materials the extraction of which will not impair the marketability of natural gas produced or transported by the Company and dehydrating plants (but only to the extent that the aggregate cost to the Company of such extracting plants and dehydrating plants does not exceed \$8,000,000), and the machinery, appliances and equipment of any of the foregoing, and improvements, extensions, additions, renewals or replacements, and any other physical property, real or personal (including separate and distinct plants, units and systems of properties), in every case purchased, constructed, acquired or expended by the Company and located anywhere in Canada or the United States, if such property is physically, or may be economically, connected with, or operated in conjunction with, any fixed property of the Company, but only if the same are used or useful in, or to be used in or in connection with, the business of producing, gathering, processing, storing, manufacturing, compressing, selling, transporting, transmitting, distributing or supplying natural, manufactured or mixed gas for light, heat, cold, power, fuel or other purposes or the business of developing gas or oil properties, and, except as to production expenditures, only if the same are properly chargeable to the fixed property account of the Company under the regulations, rules and orders, with respect to such matters, in force at the time, of the commission or other governmental authority having jurisdiction or supervisory authority over the accounts of the Company or, if there are no such regulations, rules or orders, then in accordance with sound accounting practice.

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“Property additions” as so defined, without limitation of the general import of such term, but within the restrictions hereinabove and hereinafter set forth, shall include:

(a) Subject to Article 13, property acquired by the Company or by a successor corporation as a result of any consolidation, amalgamation or merger to which the Company or any successor corporation may be a party.

(b) Permanent improvements, extensions or additions to or about the properties of the Company in the process of construction or partially completed, in so far as actually constructed or completed.

(c) Property purchased, constructed or otherwise acquired to replace property retired.

(d) Easements and rights-of-way upon private property and easements and rights-of-way upon, and leases of, public property for pipe line right-of-way purposes; and pipe lines, communication and power lines, water lines, metering stations, regulating stations, valves, cathodic protection units, pipe line bridges, river crossings and similar facilities forming part of or appurtenant to the Company's pipe lines, installed by the Company on, over or under the property covered by such easements, rights-of-way or leases; provided that in the case of land in which the Company shall acquire only a leasehold interest and in the case of any plant or property of the nature aforesaid installed on such land, the lessor shall not have the right upon the expiration or other termination of such lease to take over the property of the Company installed by it on such leasehold lands without payment of fair consideration therefor.

(e) Pipe lines, equipment or structures of the nature referred to in Subparagraph (d) above located or constructed on, over or under rivers, public highways or other public property, and pipe lines, equipment or structures of such nature located or constructed on and carried across any highway, railway, irrigation ditch, underground telegraph, telephone or electric power line or pipe line, provided that the Company

shall, in the opinion of counsel, have the lawful right under permits, orders, leases or franchises granted or made by a governmental body having jurisdiction in the premises or by the law of Canada or of the Province in which such property is located to maintain and operate such lines, equipment or structures for an unlimited, indeterminate or indefinite period of time or for the period, if any, specified in such permit, order, lease, franchise or law, and to remove such lines, equipment or structures at the expiration of the period covered by such permit, order, lease, franchise or law, or that the terms of such permit, order, lease, franchise or law require any public authority having the right to take over such lines, equipment or structures to pay fair consideration therefor.

(f) Northern Ontario Section property additions.

“Property additions” as so defined shall not include:

(i) Good will or going concern value.

(ii) Any contracts, operating agreements, franchises or governmental licenses or permits granted or acquired, as such, separate and distinct from the property operated thereunder, in connection therewith or incident thereto.

(iii) Any shares of stock or certificates or evidences of interest therein, or any bonds, notes or other evidences of indebtedness or certificates of interest therein, or any other securities.

(iv) Except as permitted by Subparagraphs (d), (e) and (f) of this definition, leasehold estates, rights-of-way or easements with respect to land owned by others and property installed by the Company on leasehold estates, rights-of-way or easements with respect to land owned by others or under any permits, licenses, or franchises granted by a governmental body.

(v) Any property purchased, constructed or otherwise acquired in connection with the completion of the initial stage of pipe line development.

(vi) Any property constituting part of the Niagara Section when such Section is acquired by the Company.

(vii) Any gas in storage, including cushion gas; any gas used for purposes of line pack for any pipe line; any gas in transit; and (except to the extent permitted with respect to production expenditures and production property) oil, gas or other minerals lying or being within or under any lands subject to the lien of this Indenture.

(viii) Any property constructed or acquired with the proceeds of insurance (A) on property additions which have been utilized under any of the provisions of Article 4, Article 8 or Article 9 or (B) on property of the nature described in subdivisions (v) and (vi) above.

(ix) Any materials, merchandise, appliances or supplies acquired for the purpose of resale or leasing to its customers in the ordinary course and conduct of the business of the Company, or any materials or supplies held for consumption in operation or held in advance of use thereof for fixed capital purposes.

(x) Any property subject to a prior lien other than purchase money liens of the nature and to the extent permitted by §5.14.

Purchase money lien:

The term “*purchase money lien*”, except as otherwise specified, shall mean a purchase money mortgage or other lien ranking *pari passu* with or prior to the specific lien of this Indenture securing all or part of the purchase price of the property subject to such mortgage or lien.

Purchase money obligation:

The term “*purchase money obligation*” shall mean the indebtedness secured by a purchase money lien, or any portion thereof. The amount of purchase money obligations of the Company shall be ascertained in Canadian dollars, with amounts payable in United States dollars being converted on the basis of the date as of which the amount of purchase money obligations is being determined.

Refundable Bonds:

The term "*refundable Bonds*" shall mean, at any particular time, all Bonds which were theretofore sold or otherwise disposed of for value by the Company (including Bonds pledged by the Company to secure its indebtedness) and paid at maturity or redeemed or purchased (otherwise than out of funds included in the trust estate) or, in the case of pledged Bonds, redelivered to the Company on or without payment or other discharge of the debt secured by such pledge, and surrendered to the Trustee, either cancelled or uncanceled, or surrendered to the Trustee for conversion (if convertible) or otherwise surrendered to the Trustee (except upon exchange for other Bonds pursuant to the provisions of Article 2 or §6.02), and which were not theretofore (i) made the basis for the authentication and delivery of additional Bonds or the withdrawal of cash included in the trust estate or the reduction of the amount of cash required to be paid into the trust estate under any provision of this Indenture, or (ii) paid or redeemed or purchased pursuant to, or used to meet or in anticipation of the requirements of, the provisions of the sinking fund for Bonds of the 1978 Series or of any sinking or analogous fund established by any indenture supplemental hereto, or (iii) in the case of Bonds of any series which mature serially, paid upon any maturity other than the final maturity of Bonds of such series, or (iv) used for any other purpose of this Indenture.

Bonds and coupons for the payment or redemption of which moneys in the appropriate currency or currencies shall have been irrevocably deposited (subject to §9.09) with the Trustee or a paying agent for such Bonds, whether at or prior to maturity or the redemption date of such Bonds, shall be deemed to have been paid and cancelled within the meaning of this definition; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article 6 provided or provision satisfactory to the Trustee shall have been made for, or irrevocable authorization shall have been given by the Company to the Trustee to give, such notice.

Registered owner:

The term "*registered owner*" or "*registered holder*" shall mean the person or persons in whose name or names a particular registered

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Bond shall be registered on the books of the Company kept for that purpose in accordance with the terms of this Indenture.

Related Company:

The term "*Related Company*" shall mean and include any corporation named in Schedule A to the Note Purchase Agreement and any affiliate thereof, except for such corporations as at the relevant time have ceased to own, and the affiliates of which have ceased to own, beneficially any common shares of the Company or voting trust certificates therefor.

Responsible officers of the Trustee:

The term "*responsible officers of the Trustee*" shall mean the chairman of the Board of Directors, every vice-chairman of the Board of Directors, the president, the chairman of the executive committee, every vice president, every assistant vice president, the secretary, every assistant secretary, the treasurer, every trust officer, and every other officer and assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers respectively or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

Retired:

The term "*retired*", when used with respect to property, shall mean retired, abandoned, destroyed, permanently discontinued, no longer used or useful in the business of the Company, lost through the enforcement of mortgage or other liens on easements or rights-of-way for pipe line purposes, released or otherwise disposed of free of the lien of this Indenture, taken by exercise of the power of expropriation or under the exercise of the right to purchase the same or recorded as retired on the books of the Company.

Second stage of pipe line development:

The term "*second stage of pipe line development*" shall mean the purchase, construction or other acquisition of the property and

facilities necessary solely (a) for the purpose of increasing from 27,700 to 57,900 the aggregate rated horsepower of compressor units installed in the five compressor stations constituting part of the initial stage of pipe line development and (b) for the completion of five additional compressor stations with installed compressor units having an aggregate horsepower of 51,900.

Sound accounting practice:

The term “*sound accounting practice*” shall mean accounting principles and practices generally accepted by chartered accountants of recognized standing in Canada.

Specifically mortgaged property:

The term “*specifically mortgaged property*” shall mean all of the property, real and personal, immovable and movable, rights, securities, cash and other assets now owned or hereafter acquired by the Company and expressed herein or in any indenture supplemental hereto or in implement hereof to be now or hereafter granted, conveyed, assigned, mortgaged, hypothecated, pledged and/or charged and/or ceded and transferred or intended so to be, as and by way of a fixed and specific mortgage hypothec pledge and/or charge and/or cession and transfer for and with the payment of the moneys intended to be secured by the specific lien of this Indenture.

Specific lien of this Indenture:

The term “*specific lien of this Indenture*” or “*specific lien*” shall mean the security created or expressed to be created or required to be created by the Company by any provision hereof or of any indenture supplemental hereto or in implement hereof except the floating charges created hereby.

Subordinated Debenture Indenture:

The term “*Subordinated Debenture Indenture*” shall mean the Indenture dated as of January 1, 1957 between the Company and Montreal Trust Company, as from time to time amended.

Subordinated Debentures:

The term "*Subordinated Debentures*" shall mean all of the 5.85% Subordinated Debentures due 1987, Canadian Series, and all of the 5.60% Subordinated Debentures due 1987, United States Series, of the Company issued or which may be issued under the Subordinated Debenture Indenture, and any other indebtedness subordinated to the Bonds which may have been issued as permitted by §5.27(d), the proceeds of which shall have been used to purchase, redeem or pay in cash any or all of the debentures issued under the Subordinated Debenture Indenture.

Subordinated Income Notes:

The term "*Subordinated Income Notes*" shall mean the notes at any time issued and outstanding under the Note Purchase Agreement or any other indebtedness subordinated to the Bonds which may have been issued as permitted by §5.26(c), the proceeds of which shall have been used to purchase, redeem or pay in cash any or all of the notes theretofore issued under the Note Purchase Agreement.

Subsidiary:

The term "*subsidiary*" shall mean any corporation more than 50% of the voting shares of which at the time is owned or controlled directly or indirectly by another corporation, by one or more subsidiaries of such other corporation or by such other corporation and one or more of its subsidiaries.

Supplemental indenture:

The term "*supplemental indenture*" or "*indenture supplemental hereto*" shall mean any indenture hereafter duly authorized and entered into in accordance with the provisions of this Indenture.

Terminal date:

The term "*terminal date*" shall mean (i) with respect to a Certificate of Gas Supply furnished for any October 1 prior to October 1, 1966 specifying a date of exhaustion of gas supply earlier than October 1, 1976, a date two years after the date so specified, and (ii) with

respect to a Certificate of Gas Supply furnished for October 1, 1966 or any October 1 thereafter specifying a date of exhaustion of gas supply earlier than October 1, 1983, a date five years prior to the date so specified.

Total capitalization of the Company:

The term "*total capitalization of the Company*" shall mean the sum of the principal amount of Bonds, Subordinated Income Notes and other funded debt at the time outstanding (including purchase money obligations), the principal amount of the Subordinated Debentures at the time outstanding and the total capital represented by the capital stock of the Company at the time outstanding, based, in the case of shares having a par value, upon their par value, and, in the case of shares of no par value, upon the value stated on the books of the Company, plus the total amount of paid in or capital surplus and earned surplus, whether or not available for the payment of dividends under the provisions of §5.19, or less the amount of any net deficit in the Company's surplus account, and plus the amount of any premium on capital stock not included in surplus and less the amount, if any, by which the capital account or any surplus account has at any time been increased as a result of a restatement of the amount at which any assets of the Company are recorded on its books.

The amount of total capitalization of the Company at any time shall be ascertained in Canadian dollars, with the amount of all indebtedness included therein which is payable in United States dollars being converted on the basis of the date as of which total capitalization is being determined.

Trunk Line:

The term "*Trunk Line*" shall mean The Alberta Gas Trunk Line Company Limited, a corporation created by and existing under Special Act of the Legislative Assembly of the Province of Alberta, Chapter 37, Statutes of Alberta, 1954, as amended by Section 24 of Chapter 38, Statutes of Alberta, 1955, and as such Act may be from time to time hereafter amended.

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Trunk Line Contract:

The term "*Trunk Line Contract*" shall mean and refer to the contract dated January 29, 1957 between the Company and Trunk Line, as the same has heretofore been or may hereafter from time to time be amended or supplemented.

Trunk Line System:

The term "*Trunk Line System*" shall mean and refer to the natural gas gathering system to be constructed by Trunk Line as required by the Trunk Line Contract.

Trust estate:

The term "*trust estate*" shall have the same meaning as the term "*mortgaged property*".

Trustee:

The term "*Trustee*" shall mean National Trust Company, Limited, or the successor trustee for the time being under this Indenture, but not a co-trustee or additional trustee appointed pursuant to §14.09 unless otherwise provided in the instrument of appointment executed pursuant to the provisions of §14.09 and only to the extent therein provided.

United States dollar:

The term "*United States dollar*" shall mean the dollar in any coin or currency of the United States of America which at the particular time specified in respect thereof shall be legal tender for the payment of public and private debts in the United States of America.

Written order, written request and written consent:

The terms "*written order*", "*written request*" and "*written consent*" of any corporation shall mean, respectively, a written order, request or consent signed in the name of such corporation by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary thereof.

PART II.

GRANTING CLAUSES.

In order to secure the payment of the principal of and premium (if any) and interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, purport and effect, and all other moneys for the time being and from time to time owing on the security of this Indenture and of the Bonds and to secure the performance and observance of all the covenants and conditions therein and herein contained, and for and in consideration of the premises and of the mutual covenants herein contained and the sum of \$10 duly paid to the Company by the Trustee (the receipt whereof is hereby acknowledged) and for other valuable considerations,

Specific Mortgage.**SECTION A—**

(1) the Company hereby grants, conveys, assigns, transfers, mortgages, pledges and charges (subject to the exception hereinafter contained as to the last day of the term of any lease or agreement therefor) as and by way of a first fixed and specific mortgage pledge and charge, to and in favour of the Trustee, for and with the payment of all principal of and premium (if any) and interest on all Bonds at any time issued and outstanding under this Indenture and all other moneys for the time being and from time to time owing on the security of this Indenture and of the Bonds:

(a) all real and immovable property and rights now owned or hereafter acquired by the Company, including lands and interests in lands, leasehold lands and interests in leasehold lands, including all interest of the Company under the Crown Corporation Lease (but excluding all interest of the Company under any present or future leases of office premises), easements and rights-of-way, servitudes, permits and grants, buildings, erections, fixtures, fixed plant, fixed machinery and fixed equipment and any and all rights, privileges and benefits appertaining thereto or connected therewith;

(b) the Project (including for the purpose of this Subdivision only, all extensions thereof and additions thereto) both during construction and after completion, the Northern Ontario Section when acquired, the Niagara Section when acquired, and all other pipe lines, fixed plant and fixed equipment, now or hereafter constructed or acquired by or for the Company and which are or will be part of, or which pertain or will pertain to or are or will be used or useful in the operation of, the Pipe Line System, including, but without limiting the generality of the foregoing, all buildings, erections, improvements, fixtures, line pipe, pipe connections, generators, motors, storage tanks and gasometers, pumping stations and pumping equipment, compressor stations and compression equipment, communication equipment, electric power lines, water lines, fittings, valves, connections, cathodic and electrical protection units, by-passes, regulators, drips, meters and metering stations, and other machinery, equipment and apparatus now or hereafter placed, affixed or installed as a part of the Pipe Line System, all of which shall for all purposes of this Indenture be deemed to be fixtures and to form part of the specifically mortgaged property whether or not regarded as fixtures in law;

(c) to the full extent permitted by law, all franchises, privileges, permits, grants, licenses, consents and orders owned or held by or granted to the Company covering the purchase, import or export of gas or the laying, maintenance or operation of the Pipe Line System in, on, over, under or along lands, streets, roads, highways, railroads, rivers, canals, ditches, bridges, public grounds and land, public structures or elsewhere, and all rights incident thereto, in each case whether now owned or hereafter acquired;

(d) all moneys from time to time on deposit hereunder with the Trustee as such, including all securities, obligations, and other investments in which such moneys may from time to time be invested pursuant to the provisions hereof;

(e) all the right, title and interest of the Company in and to the contracts and agreements described in Part Two of the

Second Schedule hereto or which the Company is required by the terms of this Indenture to subject to the specific lien hereof, and in and to all revisions, alterations, modifications, amendments, changes, extensions or renewals of or in replacement for all of the foregoing which are hereafter entered into;

(f) to the full extent permitted by law, all shares of the capital stock of Trunk Line (other than Class B common shares) and of any subsidiary of the Company (other than Alberta Inter-field Gas Lines Limited and Trans-Canada Grid of Alberta Ltd.), now owned or hereafter acquired by the Company and all bonds and other evidences of indebtedness of Western Pipe Lines now owned or hereafter acquired by the Company, including without limitation the shares, bonds and other evidences of indebtedness described in Part Three of the Second Schedule hereto; and

(g) any other property and assets of whatsoever kind, nature or description which may hereafter from time to time be mortgaged, pledged or charged or required to be mortgaged, pledged or charged by way of a first fixed and specific mortgage pledge and/or charge in favour of the Trustee under any of the provisions of this Indenture.

(2) the Company hereby grants, conveys, assigns, transfers, mortgages, pledges and charges (subject to the exception hereinafter contained as to the last day of the term of any lease or agreement therefor) as and by way of a first fixed and specific mortgage pledge and charge, to and in favour of the Trustee, for and with the payment of all principal of and premium (if any) and interest on all Bonds at any time issued and outstanding under this Indenture and all other moneys for the time being and from time to time owing on the security of this Indenture and of the Bonds, all its present and future leasehold lands and interests in leasehold lands and real and immovable property situate in the Provinces of Alberta, Saskatchewan, Manitoba and Ontario (but excluding all interest of the Company under any present or future leases of office premises), together in each case with all rights-of-way, easements, privileges and rights appurtenant to any such lease-

hold lands and interests in leasehold lands and real and immovable property, and, without limiting the generality of the foregoing:

(a) the Company being registered as owner of an estate in fee simple in possession of the lands and premises situate in the Province of Alberta more particularly described in sub-division A of Part One of the Second Schedule hereto for the considerations aforesaid hereby mortgages to the Trustee all its estate and interest in the said lands and premises described in said sub-division A of Part One of the Second Schedule hereto;

(b) the Company being registered as owner of an estate in fee simple in possession of the lands and premises situate in the Province of Saskatchewan more particularly described in sub-division B of Part One of the Second Schedule hereto, for the considerations aforesaid hereby mortgages to the Trustee all its estate and interest in the said lands and premises described in said sub-division B of Part One of the Second Schedule hereto; and

(c) the Company being registered as owner of an estate in fee simple in possession of the lands and premises situate in the Province of Manitoba more particularly described in sub-division C of Part One of the Second Schedule hereto for the considerations aforesaid hereby mortgages to the Trustee all its estate and interest in the said lands and premises described in said sub-division C of Part One of the Second Schedule hereto.

(3) the Company, being registered as owner of or being in possession of certain rights-of-way, rights, privileges, liberties, easements, authorizations, licenses, franchises, grants and/or permits, perpetual or of limited or indefinite duration, for the construction and maintenance of pipe lines over, on or under private or public lands with certain rights of occupation and passage for the purposes of its pipe lines as aforesaid, for the considerations aforesaid, and for the purposes above set forth, hereby grants, conveys, assigns, transfers, mortgages, pledges and charges as and by way of a first fixed and specific mortgage and charge to and in favour of the Trustee for and with the payment of all principal of and premium (if any) and interest on all Bonds at any

time issued and outstanding under this Indenture and all other moneys for the time being and from time to time owing on the security of this Indenture and of the Bonds;

(a) all rights, easements, authorizations, licenses, franchises, grants and/or permits held in respect of private or public lands in the Province of Alberta described, mentioned or referred to in subdivision D of Part One of the Second Schedule hereto;

(b) all rights-of-way, rights, privileges, liberties, easements, authorizations, licenses, franchises, grants and/or permits held in respect of private or public lands in the Province of Saskatchewan described, mentioned or referred to in subdivision E of Part One of the Second Schedule hereto; and

(c) all rights-of-way, rights, easements, authorizations, licenses, franchises, grants and/or permits held in respect of private or public lands in the Province of Manitoba described, mentioned or referred to in subdivision F of Part One of the Second Schedule hereto.

(4) the Company hereby hypothecates, mortgages, pledges and charges as and by way of a first fixed and specific hypothec mortgage pledge and charge to and in favour of the Trustee, as Trustee for the benefit of the Bondholders, for and with the payment of the principal sum of Seven Hundred and Fifty Million Dollars (\$750,000,000) and interest thereon from the First day of April, One thousand nine hundred and fifty-seven, at the rate of Eight per cent (8%) per annum, and for and with the payment of the additional sum of Seventy-five Million Dollars (\$75,000,000) to secure the due payment of all other sums from time to time due under this Indenture to the Bondholders or the Trustee, and for the same purposes cedes and transfers to the Trustee, as Trustee for the benefit of the Bondholders, all the properties, rights and assets situate in the Province of Quebec of the nature described in Subdivisions (a), (b), (c), (d) and (e) of subsection (1) of this Section A and any other properties, rights and assets situate in the Province of Quebec of whatsoever kind, nature or description which may hereafter from time to time be hypothecated, mortgaged, pledged, charged, assigned, ceded or transferred or required to be hypothecated, mortgaged, pledged, charged, assigned, ceded or transferred by way

of a first fixed and specific hypothec mortgage pledge and/or charge and/or cession or transfer in favour of the Trustee under any of the provisions of this Indenture.

Floating Charges.

Section B—

(5) the Company hereby charges, as and by way of a first floating charge, in favour of the Trustee, with the payment of all principal of and premium (if any) and interest on all Bonds at any time issued and outstanding under this Indenture, and all other moneys for the time being and from time to time owing on the security of this Indenture and of the Bonds, all its undertaking, property and assets for the time being, both present and future, of whatsoever nature and kind and wheresoever situate (other than those parts of the mortgaged property which have been effectively subjected to the specific lien of this Indenture and other than property and assets of the Company now or hereafter situate in the Province of Quebec);

(6) the Company hereby hypothecates, mortgages, pledges and charges as and by way of a first floating charge to and in favour of the Trustee, as Trustee for the benefit of the Bondholders, for and with the payment of the principal sum of Seven Hundred and Fifty Million Dollars (\$750,000,000) and interest thereon from the First day of April, One thousand nine hundred and fifty-seven, at the rate of Eight per cent (8%) per annum, and for and with the payment of the additional sum of Seventy-five Million Dollars (\$75,000,000) to secure the due payment of all other sums from time to time due under this Indenture to the Bondholders or the Trustee, and for the same purposes cedes and transfers to the Trustee, as Trustee for the benefit of the Bondholders, all its undertaking, and other property, rights and assets for the time being, both present and future, of whatsoever nature and kind now or hereafter situated in the Province of Quebec (other than those parts of the mortgaged property situated in the Province of Quebec which from time to time are effectively and validly made subject to the specific lien of this Indenture);

Provided that until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same pursuant to the provisions of this Indenture the floating charges hereby created shall in no way hinder or prevent

the Company, subject to the limitations and restrictions of §5.14, (a) from selling, alienating, granting, conveying, transferring, assigning, leasing, or otherwise disposing of or dealing, in the ordinary course of its business, with its property and assets other than (i) the specifically mortgaged property, (ii) line pipe, pipe connections, generators, motors, pumps and pumping equipment, compressors and compression equipment, storage tanks and gasometers, loading facilities, communication equipment, electric power lines, water lines, fittings, valves, connections, cathodic and electrical protection units, by-passes, regulators, drips, meters and metering equipment, and other machinery, equipment and apparatus and materials of whatsoever nature acquired and used or to be used in the construction of and ultimately to form part of the Company's property as fixed plant or fixed equipment not at the time forming part of the specifically mortgaged property, (iii) the gas purchase, sale and transportation contracts, gas products sales contracts and governmental authorizations of the Company not at the time forming part of the specifically mortgaged property, and (iv) accounts receivable in respect of the gas sale contracts, gas transportation contracts and gas products sales contracts of the Company; or (b) from paying dividends to the extent permitted by §5.19 hereof; or (c) from borrowing from bankers in the ordinary course of its business on the security of any property except property described in clauses (i), (ii) and (iii) of subdivision (a) above and except gas in storage, including cushion gas, gas in transit and gas used for linepack, such sums of money as the Company may from time to time, as evidenced by resolution or resolutions of its Board of Directors, deem necessary, provided (A) that indebtedness of the Company to bankers so created which is not repayable on demand matures by its terms prior to, and does not permit the Company to renew or to extend to a date beyond, eighteen months from the date of the creation of such indebtedness and (B) that the aggregate amount of accounts receivable forming security for such bank borrowings during any calendar month shall not exceed the aggregate gross revenues of the Company from sales of gas and gas products and from transportation services during the second preceding calendar month; or (d) in the ordinary course of its business, from depositing cash or governmental obligations in connection with contracts, bids, tenders, or expropriation proceedings, or to secure workmen's compensation, unemployment insurance, surety or appeal bonds, costs of litigation when required by law, public and statutory

obligations, liens or claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens; or (e) in the ordinary course of its business, from giving security to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of the Company; or (f) from pledging Bonds of the 1978 United States Series as contemplated by the Bank Credit Agreement.

It is hereby declared that the last day of any term of years reserved by any lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Company and whether falling within a general or particular description of the property hereunder is (with respect to property situated outside of the Province of Quebec) hereby excepted out of the security hereby created and does not and shall not form any part of the mortgaged property, but the Company shall stand possessed of the reversion remaining in the Company of any leasehold premises for the time being demised, as aforesaid, upon trust for the Trustee, for the purposes of this Indenture, and to assign and dispose thereof as the Trustee shall for such purpose direct and upon any sale or sales of the leasehold premises, or any part thereof, the Trustee shall, for the purpose of vesting the aforesaid reversion in any purchaser or purchasers thereof, be entitled by deed or writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid reversion in the place of the Company, and to vest the same accordingly in the new trustee or trustees so appointed, freed and discharged from any obligation respecting the same.

TO HAVE AND TO HOLD the mortgaged property and the grants, conveyances, assignments, cessions, transfers, mortgages, pledges and charges thereon and thereof hereby created unto the Trustee, and its successors in the trust, forever.

SUBJECT, HOWEVER, to the exceptions, reservations and matters hereinbefore and hereinafter referred to; to the Government Mortgage; to other permitted liens; and, with respect to any property which the Company may hereafter acquire, to all exceptions and reservations expressed or provided in the deeds or other instruments, respectively, under and by virtue of which the Company shall acquire the same and to any liens thereon existing;

BUT IN TRUST, NEVERTHELESS, for the uses and purposes and with the powers, authorities and discretions and subject to the terms and conditions herein set forth.

The grants, conveyances, assignments, mortgages, hypothecs, pledges, and charges hereby created and the cessions and transfers hereby made shall have effect whether or not the moneys hereby secured shall be advanced before or after or at the same time as the issue of any of the Bonds, or the advance of the moneys hereby secured or any part thereof be before or after or upon the date of the execution of this Indenture.

ARTICLE 2.

Description and Manner of Execution, Authentication and Registration of Bonds.

§2.01. The Bonds may, at the election of the Board of Directors, be in one or more series and shall be designated generally as the First Mortgage Pipe Line Bonds of the Company, with such further appropriate particular designations added to or incorporated in or eliminated from such title, for the Bonds of any particular series, as the Board of Directors may determine. Each Bond shall bear upon the face thereof the designation so selected for the series to which it belongs. All Bonds of any one series at any time simultaneously outstanding shall be identical in respect of date of maturity (unless they are of serial maturities), the rate or rates of interest and dates of interest payments, the terms and rate or rates of optional redemption, if redeemable, the terms of convertibility, if convertible, and sinking fund or analogous provisions, if any, and tax provisions, if any; provided, however, that Bonds of the same series may be of different denominations and payable in different currencies, and Bonds of any series may consist in whole or in part of serial maturities and, if of serial maturities, in whole or in part, may differ with respect to redemption price and interest rate. All coupon Bonds of any one series shall be dated as of the same date and such date shall be fixed by the Board of Directors.

§2.02. Subject to the provisions contained in this Indenture with respect to the Bonds of the 1978 Series, the Bonds of any series:

(a) Shall bear interest at such rate or rates and be payable, as to principal, interest and premium, if any, at such time or times, as may be determined by the Board of Directors and expressed in such Bonds, provided, however, that so long as any Bonds of the 1978 Series are outstanding, no Bonds of any other series shall have a maturity (except, in the case of a series of Bonds maturing in whole or in part serially, maturities other than the last maturity of such series) earlier than October 1, 1978.

(b) Shall be payable as to principal, interest and premium, if any, in Canadian dollars or United States dollars as to all Bonds of such series, or in Canadian dollars as to part of the Bonds of such series and United States dollars as to the balance of the Bonds of such series, and, subject to the provisions of §5.04, shall be payable, as to all the Bonds of such series or as to the portion thereof payable in Canadian dollars only or the portion thereof payable in United States dollars only, at such place or places as may be determined by the Board of Directors and expressed in such Bonds.

(c) May be either coupon Bonds registerable as to principal or fully registered Bonds, or both, and coupon Bonds may contain provisions permitting the exchange thereof for fully registered Bonds of authorized denominations of the same series and maturity and payable in the same currency and provisions permitting the exchange thereof for other coupon Bonds of other authorized denominations of the same series and maturity and payable in the same currency, but in every case of the same aggregate principal amount, and fully registered Bonds may contain provisions permitting the exchange thereof for other fully registered Bonds or for coupon Bonds, in each case of authorized denominations of the same series and maturity and payable in the same currency, in each case of the same aggregate principal amount, all as may be determined by the Board of Directors.

(d) May have such additional exchange or registration privileges as may be determined by the Board of Directors.

(e) May be in such denominations (not less than \$100) as may be determined by the Board of Directors.

(f) May be limited as to the maximum principal amount thereof, and the maximum principal amount thereof payable in a specified currency, which may be authenticated and delivered by the Trustee or which may be at any one time outstanding, and an appropriate insertion in respect of such limitation may, but need not, be made in the Bonds of such series, all as may be determined by the Board of Directors.

(g) May contain such provisions, if any, as the Board of Directors shall prescribe with respect to the payment of principal or interest or both thereby represented, without deduction for or the reimbursement of such taxes, assessments or governmental charges as may be specified therein or in an indenture supplemental hereto creating such series, and otherwise with respect to relieving the holder from payment of any such taxes, assessments or governmental charges.

(h) May contain such provisions for the redemption thereof, at the option of the Company, at such redemption price or prices, at such time or times, upon such notice, in such manner and upon such other terms and conditions, not inconsistent with the provisions of Article 6, as may be determined by the Board of Directors and expressed or referred to in such Bonds.

(i) May be convertible into or exchangeable for, at the option of the holders thereof, shares of capital stock of any class of the Company or of any other corporation, at such times, upon such terms and conditions and subject to such adjustments as may be determined by the Board of Directors and expressed or referred to in such Bonds or in an endorsement thereon.

(j) May contain such provisions, if any, for the establishment of a purchase, sinking, amortization, improvement or analogous fund therefor, in such amounts, at such time or times, in such manner and upon such other terms and conditions, and for the retirement or redemption of such Bonds by the operation of any such fund or otherwise, at such price or prices, in such amounts, at such time or times, in such manner and upon such other terms and conditions, as may be determined by the Board

of Directors and expressed or referred to in such Bonds; provided, however, that, except as stated below in this paragraph (j), so long as any Bonds of the 1978 Series are outstanding, no Bond of any other series shall be issued if provision is made therein or in any supplemental indenture setting forth the terms thereof for the retirement of Bonds of such other series, either through serial maturities or through the operation of any purchase, sinking, amortization, improvement or other analogous fund (but excluding retirement through redemption at the option of the Company or through optional increases of sinking funds), and if such provision for retirement, if complied with, would result in there having been retired at the date of any retirement of Bonds of such other series pursuant to such provision a percentage of the total principal amount of Bonds of such other series initially issued (or agreed to be issued as hereinbelow provided) larger than the percentage of the aggregate principal amount of Bonds of the 1978 Series outstanding at the date of initial issue of Bonds of such other series required to be retired through the operation of the sinking fund provided in § 3.08 between the initial issue date of the Bonds of such other series and such first day of the month as is concurrent with, or shall next precede, the date of such retirement of Bonds of such other series. If the Bonds of such other series are issued and sold by the Company pursuant to an agreement for the purchase and sale in successive transactions of an aggregate principal amount of such Bonds larger than the amount issued and sold in such initial issue, the calculation, in accordance with the preceding sentence, of the percentage of the principal amount of such other series of Bonds required to be retired by such provision for retirement shall be based upon the aggregate principal amount of Bonds covered by such agreement. Nothing in this paragraph (j) shall prevent the Company from including in Bonds of any such other series, or in the supplemental indenture setting forth the terms thereof, provisions for acceleration of retirements through a sinking fund or analogous fund in order to retire (at a rate which shall not be more rapid than a rate of retirement based on substantially equal annual or semi-annual installments) all outstanding Bonds

of such other series by a date which shall not be earlier than the terminal date from time to time determined under the definition of that term contained in Part I of Article 1 hereof.

(k) May contain such provisions with respect to serial maturities, interest rate or rates, redemption price or prices, convertibility, anticipation of maturity on the happening of a specified event, and such other special terms and conditions, not contrary to the provisions hereof, as may be determined by the Board of Directors.

(l) Shall be in such form or forms, substantially of the tenor and effect set forth in the First Schedule hereto, as the Board of Directors shall determine, at the time of the first issue of any series or part of a series, by resolution or by incorporation in a supplemental indenture executed with respect to Bonds of such series, and as shall be approved by the Trustee.

§2.03. In case the Company, pursuant to Article 13, shall be consolidated or amalgamated with or merged into any other corporation or shall convey, subject to this Indenture, all or substantially all the mortgaged property as an entirety, and the successor corporation resulting from such consolidation or amalgamation, or into which the Company shall have been merged, or which shall have received a conveyance as aforesaid, shall have executed and caused to be recorded a supplemental indenture with the Trustee pursuant to §13.02, any of the Bonds authenticated or delivered prior to such consolidation, amalgamation, merger or conveyance may, from time to time, at the request of the successor corporation and with the consent of the holders thereof, be exchanged for other Bonds of the same series and of the same maturity, payable in the same currency, executed in the name of the successor corporation with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor to the Bonds surrendered for such exchange and of like principal amount. The Trustee, upon the request of the successor corporation, shall authenticate and deliver Bonds as specified in such request for the purpose of such exchange. If additional Bonds of any particular series, of which series Bonds are at the time outstanding, shall at any

time thereafter be authenticated and delivered in any new name, or if any Bonds in any new name are authenticated and delivered thereafter pursuant to this Article 2 in exchange or substitution for or upon transfer of any such Bonds, the Company shall provide for the exchange of all Bonds of such series at the time outstanding for Bonds in such new name, at the option of, but without expense to, the holders thereof.

§2.04. The Company shall keep or cause to be kept, at the principal offices of the Trustee in the Cities of Toronto and Montreal, Canada, books for the registration and transfer of Bonds entitled to registration and transfer, which, at all reasonable times, shall be open for inspection by the Company. Upon presentation for such purpose at either of such offices, the Company will register or transfer or cause to be registered or transferred thereon, as herein provided and under such reasonable regulations as it may prescribe, any Bonds entitled to be so registered or transferred.

If the Bonds of any series shall, by their terms or by the provisions of this Indenture or of any supplemental indenture executed with respect to Bonds of such series, be entitled to registration and transfer in a city or cities other than or in addition to the Cities of Toronto and Montreal, Canada, similar books shall also be kept at the offices of registrars designated by the Company in such other or additional city or cities, open at all reasonable times for inspection by the Trustee and the Company, on which the Bonds of such series may be registered and transferred upon the terms and in the manner in this Article 2 provided. Such other or additional city or cities and the office of the registrar or registrars therein may (but need not) be appropriately recited in the Bonds of such series.

The Company will at all times keep an office or agency, while any of the Bonds are outstanding, at each place at which the principal of or interest on any of the Bonds shall be payable, where notices, presentations and demands to or upon the Company in respect of such Bonds or coupons as may be payable at such place or in respect of this Indenture may be given or made, and will give the Trustee written notice of the location of and any change in the location of each such office or offices or agency or agencies. In case the Company shall fail to maintain such office or offices or agency or agencies, the principal office of

the Trustee shall be conclusively deemed to be the office or agency of the Company for such purposes, and the Company hereby appoints the Trustee its agent, on its behalf, to receive all such notices, presentations and demands.

§2.05. All coupon Bonds shall be negotiable and pass by delivery, unless registered as to principal in the manner hereinafter provided. The bearer of any coupon Bond may have such Bond registered as to principal on the registration books for Bonds of such Series required to be kept pursuant to §2.04, and such registration shall be noted on the Bond. After such registration of a coupon Bond no transfer thereof shall be valid unless made on such books by the registered owner in person, or by his duly authorized attorney, and similarly noted on the Bond, but the Bond may be discharged from registration by being in like manner transferred to bearer and thereupon transferability by delivery shall be restored; and the Bond may again, from time to time, be registered or discharged from registration in the same manner as before. Such registration, however, shall not affect the negotiability by delivery of the coupons, but every such coupon shall continue to be transferable by delivery merely and shall remain payable to bearer, and payment thereof to bearer shall fully discharge the Company in respect of the interest therein mentioned, whether or not the Bond be registered as to principal. Such registrations and discharges from registration and transfers shall be without expense to the holder of the Bonds, except that any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Bondholder requesting such registration or discharge from registration or transfer as a condition precedent to the exercise of such privilege.

§2.06. Any registered Bond without coupons may be transferred on the registration books for Bonds payable in the particular currency at any of the offices provided for in §2.04, upon surrendering such Bond for cancellation accompanied by delivery of a written instrument of transfer in form approved by the Company duly executed by the registered owner of such Bond or his duly authorized attorney, and thereupon the Company shall execute in the name of the transferee or trans-

ferrees, and the Trustee shall authenticate and deliver, a new registered Bond, or new registered Bonds, of like form and of the same series and maturity, payable in the same currency, for the same aggregate principal amount.

Every registered Bond without coupons of any series authenticated upon an original issue hereunder shall be dated the date of authentication thereof. Every registered Bond without coupons of any series issued prior to the first interest payment date for such series in exchange or substitution for, or upon the transfer of, the whole or any part of one or more other Bonds, shall, subject to the provisions of §2.10, be dated as of the date from which interest is payable on such other Bond or Bonds. Subject to the provisions of §2.10, every registered Bond without coupons issued on or after the first interest payment date for such series in exchange or substitution for, or upon the transfer of, the whole or any part of one or more other Bonds, shall be dated as of the interest payment date next preceding the date of authentication thereof to which interest has been paid on Bonds of such series, unless the date of authentication be an interest payment date to which interest has been paid, in which case it shall be dated as of the date of authentication. Every registered Bond without coupons of any series shall bear interest from its date.

In the case of each fully registered Bond, as the interest on such Bond matures (except interest payable at maturity or on redemption, which unless otherwise agreed shall be paid only upon presentation of such Bond for payment) the Company shall forward, or cause the Trustee or a paying agent to forward, by post, to the holder, or, in the case of joint holders, to one of such joint holders, at his address appearing on the appropriate register hereinbefore mentioned, a warrant or cheque for such interest, payable to the order of such holder or holders and negotiable at par at each of the places at which interest upon such Bond is payable. The forwarding of such warrant or cheque, as the case may be, shall satisfy and discharge the liability for the interest upon such Bond to the extent of the sums represented thereby unless such warrant or cheque be not paid on presentation, provided that in the event of the non-receipt of such warrant or cheque by the registered holder the Company or the Trustee or such paying agent, upon being furnished with reasonable

evidence of such non-receipt and, in its discretion, reasonable indemnity, shall issue to such registered holder a replacement warrant or cheque for the amount of such interest.

§2.07. As to all registered Bonds, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture, and payment of or on account of the principal of and premium, if any, on such Bond, if it be a coupon Bond registered as to principal, and of the principal of and premium, if any, and interest on such Bond, if it be a registered Bond without coupons, shall be made only to or upon the order in writing of such registered owner thereof, provided that such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Company, the Trustee, any paying agent and any registrar may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal, and the bearer of any coupon for interest on such Bond, whether such Bond shall be registered or not, as the absolute owner of such Bond or coupon (whether or not such Bond or coupon shall be overdue) for the purpose of receiving payment thereof or on account thereof, and for all other purposes whatsoever, and the Company, the Trustee, any paying agent and any registrar shall not be affected by any notice to the contrary.

The Company, the Trustee, any paying agent and any registrar for any of the Bonds shall not be charged with notice of or be bound to see to the execution of any trust, whether express, implied or constructive, in respect of any Bond and may transfer the same on the direction of the registered holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

§2.08. Coupon Bonds bearing all unmatured coupons may, upon surrender thereof to the Company, be exchanged for coupon Bonds of other authorized denominations, if any, bearing all unmatured coupons or for registered Bonds without coupons of authorized denominations, if any, in each case for the same aggregate principal amount of the same series and maturity, and payable in the same currency. Registered Bonds without coupons may, upon surrender thereof to the Company,

be exchanged for registered Bonds without coupons of other authorized denominations, if any, or for coupon Bonds of authorized denominations, if any, in each case for the same aggregate principal amount of the same series and maturity, and payable in the same currency. Coupon Bonds thus delivered in exchange for registered Bonds without coupons shall bear coupons representing interest from the next preceding interest payment date to which interest was paid on such registered Bonds without coupons, or, in the case of coupon Bonds authenticated and delivered prior to the first interest payment date on such registered Bonds without coupons, from the date of such registered Bonds without coupons.

§2.09. Bonds in definitive form shall be fully engraved or printed or lithographed on steel-engraved borders as the Company may determine. Until Bonds in definitive form of any series are ready for delivery, the Company may execute, and upon the Company's written request the Trustee shall authenticate and deliver, in lieu of any thereof and subject to the same provisions, limitations and conditions, one or more temporary printed, lithographed or typewritten Bonds of such series in bearer form, with or without one or more coupons and with or without the privilege of registration as to principal, or in fully registered form, and substantially in the form of the definitive Bonds of such series, but with such omissions, insertions and variations as may be appropriate for temporary Bonds. Such Bonds in temporary form may be in such denomination or denominations as the Company may determine. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. The Company shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of the Bonds in temporary form, at any of the offices referred to in §2.04, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds in definitive form of the same series and maturity for the same aggregate principal amount, payable in the same currency, as the Bonds in temporary form surrendered. Such exchange shall be made by the Company at its own expense and without making any charge therefor. When and as interest is paid upon Bonds in temporary form without coupons, but which are not in fully registered form, the fact of such payment shall be noted

thereon. Until such Bonds in definitive form are ready for delivery, the holder of one or more Bonds in temporary form may, with the consent of the Company, exchange the same, upon the surrender thereof to the Trustee for cancellation, for Bonds in temporary form of like aggregate principal amount of the same series and maturity, payable in the same currency, in other authorized denominations, if any, bearing all unmatured coupons, if any. Any Bonds in temporary form when exchanged for Bonds in definitive form shall forthwith be cancelled by the Trustee.

§2.10. In all other cases in which the privilege of exchanging Bonds exists and is exercised, the Bonds to be exchanged shall be surrendered at any of the offices referred to in §2.04, with all unmatured coupons (and coupons representing interest at the time in default, if any) attached in the case of coupon Bonds or of Bonds in temporary form with coupons, and, if so required by the Company or the Trustee, accompanied by duly executed instruments of transfer in the case of registered Bonds or Bonds in temporary form registered as to principal, and the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor the Bond or Bonds which the Bondholder making the exchange shall be entitled to receive.

Each Bond delivered pursuant to the exercise of any such privilege of exchange or in substitution for the whole or any part of one or more other Bonds of the same series and maturity shall carry all of the rights to interest accrued and unpaid, and to accrue, which were carried by the whole or such part of such one or more other Bonds, and notwithstanding anything contained in this Indenture, such Bonds shall be so dated, and have attached thereto such coupons, that neither gain nor loss in interest shall result from such exchange or substitution.

Upon every exchange of coupon Bonds for coupon Bonds of another denomination or for registered Bonds without coupons, or of registered Bonds without coupons for coupon Bonds or for other registered Bonds without coupons, and upon every transfer of registered Bonds without coupons, the Company may require payment of such charge therefor as it may deem proper, not exceeding the sum of \$2 for each Bond issued upon such exchange or transfer, payment of which, together with any stamp taxes or other governmental charges required to be paid with

respect to such exchange or transfer, shall be made by the Bondholder requesting such exchange or transfer.

Neither the Company nor the Trustee nor any other registrar shall be required to make (a) exchanges or transfers of any Bond under any provision of this Article 2 during the period of ten business days next preceding any interest payment date for such Bond or next preceding any selection by lot of Bonds of such series to be redeemed, or (b) an exchange of any Bond after the Trustee shall have selected such Bond or any portion thereof for redemption or, if no such selection is required, after first publication or mailing of notice of redemption thereof as provided in Article 6, unless in either case upon due presentation thereof for redemption such Bond shall not be redeemed.

All Bonds so surrendered for exchange and the coupons attached thereto and all registered Bonds without coupons surrendered for transfer shall be presented to the Trustee for cancellation, and the Trustee shall forthwith cancel the same and, on the written request of the Company, deliver the same to the Company.

All Bonds executed, authenticated and delivered in exchange for Bonds so surrendered or upon transfer of registered Bonds without coupons shall be the valid obligations of the Company, evidencing the same debt as the Bonds surrendered, and shall be secured by the lien of this Indenture to the same extent as the Bonds in exchange for which they were authenticated and delivered.

§2.11. Any Bond, whether in fully registered or in coupon form, may bear such numbers, letters or other marks of identification or designation, may be endorsed with or have incorporated in the text thereof such legends or recitals with respect to transferability or in respect of the Bond or Bonds for which it is exchangeable, and may contain such provisions, specifications and descriptive words, not inconsistent with the provisions of this Indenture, as may be determined by the Board of Directors, in order to comply with the rules and regulations of any stock exchange upon which the Bonds are or are to be listed or to conform with any usage with respect thereto.

§2.12. All the Bonds shall have the corporate seal of the Company or a facsimile thereof affixed or imprinted thereon and shall, from time

to time, be signed (either manually or by facsimile signature) on behalf of the Company by its President or one of its Vice Presidents and by its Secretary or one of its Assistant Secretaries, or by such other lawful form of execution as may be prescribed by a resolution of the Board of Directors delivered to the Trustee. The coupons to be attached to the Bonds shall bear the facsimile signature of the present or any future Treasurer of the Company.

In case any of the officers who shall have signed any Bonds, or whose facsimile signature shall appear on any Bonds or coupons, shall cease to be such officers of the Company before the Bonds so signed shall have been actually authenticated by the Trustee or delivered by the Company, such Bonds nevertheless may be authenticated and delivered with the same force and effect as though the person or persons who signed such Bonds, or whose facsimile signature appears on any such Bonds or coupons, had not ceased to be such officer or officers of the Company. Any Bonds may be signed by such persons as at the actual date of the execution of such Bonds shall be the proper officers of the Company, although at the nominal date of such Bonds any such person shall not have been such officer of the Company.

Before authenticating any coupon Bond, the Trustee, except as provided in §2.10 or §2.13, shall cut off, cancel and deliver to the Company all matured coupons thereon.

Subject to the provisions of §5.20(b), provided the Company is not at the time in default hereunder, all or any of the Bonds may be pledged, hypothecated or charged from time to time by the Company as security for advances or loans to or for indebtedness or other obligations of the Company, or may be sold, and, when redelivered to the Company or its nominees on or without payment, satisfaction, release or discharge in whole or in part of any such advances, loans, indebtedness or obligations or when repurchased, shall (except when acquired pursuant to any provision of the Bonds or of this Indenture or pursuant to a resolution of the Board of Directors which provision or resolution requires cancellation and retirement of such Bonds so acquired) while the Company remains in possession thereof be treated as Bonds held in the treasury of the Company and accordingly may be pledged or charged, sold or otherwise disposed of or surrendered to the Trustee as refundable Bonds, as and when the Company may think fit,

and all such Bonds so disposed of before but not after the respective dates of maturity thereof shall continue to be entitled, as upon their original issue, to the benefit of all the terms, conditions, rights, priorities and privileges hereby attached to or conferred on Bonds issued hereunder.

§2.13. Upon receipt by the Company and the Trustee of evidence satisfactory to both of them that any Bond or any coupon appertaining thereto has been mutilated, destroyed, lost or stolen, and of indemnity satisfactory to both of them the Company may execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of the same series and maturity, payable in the same currency and of like tenor (which may bear such notation as may be required by the rules of any stock exchange upon which the Bonds are listed or are to be listed) and having attached the same corresponding coupons, if any, as the mutilated, destroyed, lost or stolen Bond if such Bond was a coupon Bond, in exchange and substitution for, and upon surrender and cancellation of, the mutilated Bond and coupons, if any, or in lieu of and in substitution for the Bond and coupons, if any, so destroyed, lost or stolen, or if any such Bond or coupon shall have matured or shall be about to mature or shall have been called for redemption, instead of issuing a substituted Bond or coupon, the Company may pay the same without surrender thereof. The Company may, for each new Bond authenticated and delivered under the provisions of this §2.13, require the payment of a sum not exceeding \$2 and, in addition, a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any expenses, including counsel fees, which may be incurred by the Company and the Trustee in the premises. Any Bond or coupon issued under the provisions of this §2.13 in lieu of any Bond or coupon alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the Company, whether or not the Bond or coupon so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds and coupons issued under this Indenture.

All mutilated Bonds and coupons surrendered to the Trustee pursuant to the provisions of this §2.13 shall be canceled and cremated by the Trustee.

§2.14. Subject to the qualifications hereinbefore in this Article 2 set forth, the Bonds and coupons to be secured hereby shall be substantially of the tenor and effect set forth in the First Schedule hereto, and no Bonds shall be secured hereby or entitled to the benefit hereof, or shall be or become valid or obligatory for any purpose, unless there shall be endorsed thereon a certificate of authentication, substantially in the form set forth in said First Schedule, executed by the Trustee. Such certificate on any Bond issued by the Company shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

§2.15. The two series of Bonds to be initially executed, authenticated and delivered under and secured by this Indenture shall be Bonds of the 1978 Canadian Series and Bonds of the 1978 United States Series, which shall, respectively, have the terms and provisions set forth in Article 3.

ARTICLE 3.

Description of Bonds of the 1978 Series.

§3.01. The Bonds of the 1978 Canadian Series shall be designated as "First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978", and the Bonds of the 1978 United States Series shall be designated as "First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978". The aggregate principal amount of the Bonds of each of said series which may be authenticated and issued shall be limited, except as expressly provided in §2.03, §2.06, §2.08, §2.09, §2.10, §2.13 and §6.02, to Can. \$23,010,000 with respect to the Bonds of the 1978 Canadian Series and to U. S. \$100,990,000 with respect to Bonds of the 1978 United States Series. The Bonds of the 1978 Canadian Series and the Bonds of the 1978 United States Series, the interest coupons to be annexed to the coupon Bonds of said Series and the certificate of authentication of the Trustee to be endorsed thereon shall be substantially in the respective forms set forth in the First Schedule hereto.

§3.02. The coupon Bonds of the 1978 Series shall be dated April 1, 1957, and the registered Bonds of the 1978 Series without coupons

shall be dated as provided in §2.06. All Bonds of the 1978 Series shall mature on October 1, 1978 and shall bear interest as provided therein at the rate of $5\frac{1}{2}\%$ per annum in the case of Bonds of the 1978 Canadian Series, and at the rate of $5\frac{1}{4}\%$ per annum in the case of Bonds of the 1978 United States Series, payable semi-annually on the first day of April and October in each year in each case both before and after maturity and before and after default with interest at the same rate on any overdue installment of interest. Interest shall be payable in respect of any registered Bond of the 1978 Series without coupons from the date of such Bond. The Bonds of the 1978 Canadian Series shall be payable as to principal, interest and premium, if any, at the option of the holder, at the principal office of either The Royal Bank of Canada or The Canadian Bank of Commerce in the City of Toronto or the City of Montreal, Canada, or at such other agency or agencies of the Company as shall at the time be maintained for that purpose in said Cities, and the Bonds of the 1978 United States Series shall be payable as to principal, interest and premium, if any, at the principal office of J. P. Morgan & Co. Incorporated in The City of New York, or at such other agency of the Company as shall at the time be maintained for that purpose in The City of New York, in each case subject to the provisions of §5.04.

§3.03. The Bonds of the 1978 Series shall be coupon Bonds registerable as to principal, in the denomination of \$1,000, and registered Bonds without coupons, in the denominations of \$1,000 and any multiple thereof, bearing appropriate serial numbers. So long as Bonds of the 1978 Canadian Series are outstanding, the Company shall maintain books for the registration and transfer of Bonds of said series at the principal offices of the Trustee in the City of Toronto and the City of Montreal, Canada, or in the office of such other registrar or registrars located in said Cities as the Company shall from time to time designate. So long as Bonds of the 1978 United States Series are outstanding the Company shall maintain books for the registration and transfer of Bonds of said series at the office or offices of a registrar or registrars appointed by the Company in The City of New York. Such registrations and transfer shall be subject to payment of charges and to the other terms and conditions set forth in Article 2.

The Company hereby appoints the Trustee as registrar of Bonds of the 1978 Canadian Series and J. P. Morgan & Co. Incorporated as registrar of Bonds of the 1978 United States Series, such appointments to continue unless and until the Company shall hereafter by written notice to either or both of such registrars, signed by its President or a Vice President, designate for such purpose some other registrar or registrars in lieu of or in addition to either or both of the registrars above named. The Company designates the principal offices of the Trustee in the City of Toronto and in the City of Montreal, Canada as the place where Bonds of the 1978 Canadian Series which are entitled to registration, transfer, or exchange may be presented for such purposes and designates the principal office of J. P. Morgan & Co. Incorporated in The City of New York as the place where Bonds of the 1978 United States Series which are entitled to registration, transfer or exchange may be presented for such purpose.

§3.04. The Bonds of the 1978 Series shall be redeemable at such time or times, under such circumstances, at such redemption prices, and either as a whole or in part, as are hereinafter in this Article 3 specified, all in the manner, upon the terms and conditions and with the effect provided in Article 6; provided, however, that payment of the redemption price of a portion of any registered Bond of the 1978 Series without coupons may be made by the Trustee, or by any paying agent with the consent of the Trustee, to the registered holder thereof without presentation or surrender thereof to the Trustee if there shall have been filed with the Trustee an Officers' Certificate stating that the Company has entered into an agreement with such registered holder or the person for which such registered holder is acting as nominee to the effect that (a) payments will be so made, (b) upon written request from the Trustee or the Company, such registered holder or other person will make notations on such Bond of the 1978 Series of the portions thereof so redeemed, (c) such registered holder or other person will promptly notify the Company and the Trustee of the making of such notations, and (d) whether or not it shall have received any request to make notations as aforesaid, such registered holder or other person will not dispose of such Bond or permit its nominee to dispose of such Bond or of any interest therein without, prior to the delivery thereof, surrender-

ing the same to the Trustee or other registrar in exchange for a Bond or Bonds of the same series in authorized denominations, aggregating the same principal amount as the principal amount of such Bond so surrendered which shall remain unpaid. Neither the Trustee nor any paying agent shall be under any duty to determine that such notations have been made.

§3.05. The Bonds of the 1978 Series shall be redeemable at any time or from time to time prior to maturity, at the option of the Company, either as a whole or in part, upon payment of the percentages of the principal amount thereof set forth below under the heading "Optional Redemption Prices", together with accrued interest to the redemption date, except that no redemption may be carried out prior to June 1, 1972 directly or indirectly as a part of, or in anticipation of, any refunding operation involving the incurring of indebtedness which has an interest rate or cost to the Company or other obligor, computed in accordance with generally accepted financial practice, of 5¼% per annum or less and except that Bonds of the 1978 Series may not be redeemed in part pursuant to this §3.05 in a principal amount less than \$5,000,000 at any one time. The optional redemption prices (expressed in percentages of principal amount) and the several periods to which such prices are applicable, are as follows:

Periods	Optional Redemption Prices
To and including June 1, 1973	105
June 2, 1973 to and including June 1, 1974	104
June 2, 1974 to and including June 1, 1975	103
June 2, 1975 to and including June 1, 1976	102
June 2, 1976 to and including June 1, 1977	101
June 2, 1977 to and including October 1, 1978	100

§3.06. The Bonds of the 1978 Series shall also be redeemable, in whole or in part at the option of the Company, at the amounts stated below, plus, in each case, accrued interest to the redemption date: (a) at the principal amount thereof on April 1 or October 1 of each year to and including April 1, 1978, by the application by the Trustee pursuant to §9.07 of moneys theretofore received by the Trustee pur-

suant to §5.06; (b) at the principal amount thereof on or before December 1, 1964, by the application by the Trustee pursuant to §9.03 or §9.04 of moneys theretofore received by the Trustee pursuant to §4.02 or §4.05(c); (c) at the principal amount thereof, on April 1 or October 1 of each year to and including April 1, 1978, by the application by the Trustee pursuant to §9.08 of moneys theretofore received by the Trustee pursuant to §5.23 or as the proceeds of Subordinated Income Notes; (d) at the optional redemption prices expressed in §3.05, on April 1 or October 1 of each year to and including April 1, 1978, by the application by the Trustee pursuant to §9.07 of moneys theretofore received by the Trustee pursuant to §7.01, §7.02, §7.06, §7.08, §8.02, §8.03, or §8.05; and (e) at redemption prices equal to the respective optional redemption prices reduced by an amount equal to one-half of the excess thereof over the principal amount of the Bonds being redeemed, on April 1 or October 1 of each year to and including April 1, 1978, by the application by the Trustee pursuant to §9.07 of moneys theretofore received by the Trustee pursuant to §8.04. The redemption of any Bonds of the 1978 Series pursuant to this §3.06 shall not be deemed to constitute any retirement of such Bonds in lieu of or as a credit against the retirement of Bonds of the 1978 Series required to be effected pursuant to §3.08.

§3.07. The Bonds of the 1978 Series shall also be subject to redemption and shall be redeemed in whole, at the principal amount thereof and accrued interest to the redemption date, on a date not later than October 1, 1960, if the Company, on or before August 15, 1960, shall deliver to the Trustee an Officers' Certificate to the effect that the Company has determined to abandon in its entirety the Pipe Line System and that it will not proceed further with the construction thereof.

§3.08. (a) As a sinking fund for the retirement of Bonds of the 1978 Series, so long as any Bonds of the 1978 Series shall be outstanding, the Company, in the manner provided in Article 6 and subject to the provisions of §3.09, shall redeem on October 1, 1961, and on each April 1 and October 1 in each year thereafter to and including April 1, 1978 (said dates being herein referred to as sinking fund payment dates), Bonds of the 1978 Canadian Series in the aggregate principal

amount of \$590,000 and Bonds of the 1978 United States Series in the aggregate principal amount of \$2,590,000. All redemptions of Bonds of the 1978 Series for the sinking fund pursuant to this §3.08 and to §3.09 shall be at the principal amount thereof together with accrued interest to the redemption date.

(b) The Company shall have the right, at any time or from time to time, to discharge its obligation with respect to all or any part of any one or more of the sinking fund installments relating to Bonds of the Canadian Series provided for in subdivision (a) of this §3.08 or in §3.09 by applying as a credit upon such installment any Bonds of the Canadian Series redeemed by the Company in accordance with the provisions of §3.05, and to discharge its obligation with respect to all or any part of any one or more of the sinking fund installments relating to Bonds of the United States Series provided for in subdivision (a) of this §3.08 or in §3.09 by applying as a credit upon such installment any Bonds of the United States Series redeemed by the Company in accordance with the provisions of §3.05. The Company shall not be entitled to use a Bond as a credit against any sinking fund installment the amount of which has been determined on the basis of any revision of the schedule of sinking fund installments pursuant to §3.09 unless such Bond was outstanding on the date of filing of the Certificate of Gas Supply on the basis of which such revision of the schedule was made.

Bonds of the 1978 Series credited against sinking fund installments pursuant to this subdivision (b) shall be credited at the principal amount thereof.

Whenever the Company shall apply as a credit upon any sinking fund installment any Bonds of the 1978 Series redeemed pursuant to §3.05, the Company shall file with the Trustee an Officers' Certificate stating that such Bonds are to be credited upon a specific sinking fund installment or installments and that none of such Bonds has theretofore been applied as a credit on any sinking fund installment or redeemed pursuant to the sinking fund for Bonds of the 1978 Series or made the basis for the authentication and delivery of additional Bonds or the withdrawal of cash included in the trust estate or the reduction of the amount of cash required to be deposited in the trust estate under any provision of this Indenture, and, where the last sentence of the first paragraph of this subdivision (b) is applicable, that

said Bonds were outstanding on the date of filing of the Certificate of Gas Supply referred to in said sentence.

Whenever the Company shall call Bonds of the 1978 Series for redemption for the sinking fund, the Company shall file an Officers' Certificate with the Trustee stating the principal amount of Bonds so called for redemption and the redemption date.

All Bonds of the 1978 Series and the coupons appertaining thereto redeemed for the sinking fund shall be cancelled by the Trustee, and so long as any of the Bonds of the 1978 Series are outstanding, no Bonds of the 1978 Series which are or were redeemed for the sinking fund for Bonds of the 1978 Series shall be made the basis for the authentication and delivery of additional Bonds or the withdrawal of cash included in the trust estate or the reduction of the amount of cash required to be deposited in the trust estate under any provision of this Indenture.

§3.09. (a) So long as any Bonds of the 1978 Series are outstanding the Company shall furnish to the Trustee a Certificate of Gas Supply (i) for October 1, 1958 and for October 1 in each second year thereafter to and including October 1, 1976 (except that, after the Company shall have filed any short term Certificate, the Company shall furnish to the Trustee a Certificate of Gas Supply for October 1 each year until a Certificate shall have been furnished which is not a short term Certificate, after which the two year schedule shall be resumed pending any filing thereafter of a short term Certificate), and (ii) for any October 1 for which a Certificate of Gas Supply is not otherwise required if, not later than five months prior to such October 1, the holders of a majority in principal amount of Bonds of the 1978 Series shall request that the Company file a Certificate of Gas Supply for such October 1. Each Certificate of Gas Supply shall be delivered to the Trustee during the month of January following the October 1 for which it is furnished. At least four months prior to any October 1 for which a Certificate of Gas Supply is required to be furnished under this §3.09(a), the Company shall, in writing, advise all holders of registered Bonds of the 1978 Series and the Trustee of the independent engineer whose certificate is proposed to be furnished, specifying the capacities, if any, in which such engineer has theretofore been retained by the Company, and the certificate so required to be furnished shall be the certificate of such engineer unless the holders of 66⅔% in principal amount of all Bonds

of the 1978 Series outstanding shall by a written notice delivered to the Company and the Trustee within 30 days after the mailing by the Company of such written advice designate two other independent engineers, both acceptable to the Trustee, in which event the certificate to be furnished shall be the certificate of the engineer selected by the Company from the two so designated by such holders of Bonds.

(b) If and when a short term Certificate is first filed with the Trustee, the aggregate principal amount of Bonds of the 1978 Series which are outstanding as of the date of the filing of such Certificate, in lieu of being subject to the normal schedule of sinking fund installments determined pursuant to §3.08(a), shall become subject to redemption for the sinking fund, and shall be redeemed by the Company, on each April 1 and October 1 succeeding the filing of such short term Certificate, in a principal amount equal to the quotient of the aggregate principal amount of Bonds of the 1978 Series outstanding on the date of filing of such Certificate divided by the number which is 4 more than the number of interest payment dates subsequent to the date of filing of such Certificate to and including the interest payment date immediately preceding the terminal date based on said short term Certificate, provided, however, that all Bonds of the 1978 Series which are at the time outstanding shall be redeemed on the sinking fund payment date immediately preceding the terminal date based on said short term Certificate.

Upon the filing of any Certificate of Gas Supply after the filing of any short term Certificate, the principal amount of Bonds of the 1978 Series to be redeemed for the sinking fund thereafter shall be recomputed as provided above in this paragraph (b), except that if such Certificate of Gas Supply is not a short term Certificate the divisor used in the foregoing computation shall be the number which is 4 more than the number of such interest payment dates subsequent to the date of filing of such Certificate to and including October 1, 1978.

The principal amount of Bonds of the 1978 Series to be redeemed on any April 1 or October 1 pursuant to the sinking fund shall be increased over the amounts determined as provided in this Subdivision (b) to the next highest even multiple of \$1,000.

Upon the filing of the first Certificate of Gas Supply which shall be a short term Certificate and upon each filing of a Certificate of Gas Supply thereafter, the Company shall promptly file with the Trustee

an Officers' Certificate setting forth the schedule of sinking fund installments to be thereafter in effect computed on the basis of said Certificate, and within a reasonable time after the receipt of such Officers' Certificate the Trustee shall mail a copy thereof to each holder of registered Bonds of the 1978 Series then outstanding.

ARTICLE 4.

Authentication and Delivery of Bonds.

§4.01. The aggregate principal amount of Bonds which, upon compliance with the provisions of this Article 4, may be executed by the Company, authenticated and delivered by the Trustee, secured by this Indenture and outstanding at any one time is not limited except that it shall not at any time exceed the amount permitted by law, but at any time at the election of the Company, evidenced by an indenture supplemental hereto, such aggregate principal amount may be limited to such definite aggregate principal amount as may be specified in such supplemental indenture. Except as otherwise herein expressly provided, all Bonds issued hereunder and all coupons appertaining thereto shall in all respects be equally and rateably secured hereby without preference, priority or distinction, as to lien or otherwise, on account of the actual time or times of the authentication and delivery or maturity of the Bonds and coupons, or any of them.

At the election of the Company, an application under §4.03 for the authentication of Bonds against property additions other than Northern Ontario Section property additions may be combined in the same Engineer's Certificate and other documents with an application for the withdrawal of cash pursuant to §9.04(a); an application under §4.04 for the authentication of Bonds for the Northern Ontario Section may be combined with an application under §9.04(b) for the withdrawal of cash deposited upon the authentication of Bonds for the Northern Ontario Section; and any application under §4.05 for the issuance of Bonds against cash may be combined with any other application for the issuance of Bonds; but in all other cases the applications, including Engineer's Certificates and other documents, required by this Article 4 or by Article 9 shall not be combined in a single application and shall not be filed simultaneously with any other application.

Notwithstanding any other provision of this Indenture, the Company shall not be entitled to the authentication of any Bond or the withdrawal of any cash from the trust estate or the reduction of any cash required to be deposited in the trust estate at any time after Canadian currency or United States currency shall have been officially devalued or otherwise changed, in relation to the other of such currencies, by action of the government of the respective country if the computation of the principal amount of such Bonds to be authenticated or of the amount of such withdrawal or reduction of cash shall have been based on a rate of exchange prevailing on a date prior to the effective date of such devaluation or other change.

§4.02. From time to time, but not after December 31, 1959, Bonds of the 1978 Canadian Series in an aggregate principal amount not in excess of Can. \$23,010,000 and Bonds of the 1978 United States Series in an aggregate principal amount not in excess of U. S. \$100,990,000 may be executed by the Company and delivered to the Trustee, and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, but only upon receipt by the Trustee of:

(a) A certified resolution authorizing the execution and requesting the authentication and delivery from time to time, of Bonds of either or both of said series.

(b) An Officers' Certificate, dated the date of the Company's application, to the effect that, so far as known to the signers, the Company is not and by the making or granting of the application will not be in default under this Indenture.

(c) An Opinion of Counsel, dated the date of such application, to the effect that:

(i) The issue of the Bonds applied for has been duly authorized by the Company and by all governmental authorities the consent of which is requisite to the legal issue of said Bonds or that no such consent is required. Unless such Opinion shall state that no such consent is required, it shall specify and be accompanied by certified copies of any orders, certificates or other documents by which such consent is evidenced.

(ii) The Company is duly authorized to issue the Bonds applied for under the laws of Canada and the Provinces thereof

in which the Company does business or intends to do business and the applicable laws of any other jurisdictions and is duly entitled to the authentication and delivery of such Bonds under the provisions of this Indenture; upon the issue of such Bonds, they will be valid and legally binding obligations of the Company and entitled to the benefits and security of this Indenture; and the amount of Bonds then outstanding under this Indenture will not exceed the amount at the time permitted by law.

(d) Cash in an amount equal to the aggregate principal amount of Bonds then applied for, in the currencies in which such Bonds, respectively, are payable, which shall be held and applied by the Trustee as part of the trust estate and which may be withdrawn or applied only in accordance with §9.03.

§4.03. From time to time after the Initial Completion Date and subject to the delivery of the documents specified in §5.21(b), Bonds, in addition to those the issuance of which is otherwise provided for in this Article 4, may be executed by the Company and delivered to the Trustee, and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, in an aggregate principal amount (calculated by converting into Canadian currency, as of a date within ten days prior to the date of the Company's application, the principal amount of any of such Bonds payable in United States currency) not in excess of 60% of the net bondable value of property additions other than Northern Ontario Section property additions (the term "property additions" being used throughout this §4.03, except as otherwise specifically stated, to mean and refer to property additions other than Northern Ontario Section property additions), but only upon receipt by the Trustee of the following documents specified in this §4.03:

(a) An Engineer's Certificate, dated within 30 days prior to the date of the Company's application, with respect to net bondable value of property additions, which shall state that the term "property additions" as used in said certificate excludes Northern Ontario Section property additions and that all monetary amounts stated therein are in Canadian currency except in either case as otherwise specifically stated therein, and shall show, in substance:

(i) The unused property additions credit as stated in the most recent certificate, if any, with respect to net bondable value

of property additions (other than Northern Ontario Section property additions) theretofore filed with the Trustee, which shall not, however, exceed \$500,000.

(ii) The aggregate bonded cost to the Company (determined as provided in this paragraph (ii)) of the gross property additions purchased, constructed, acquired or expended by the Company during the period specified in such certificate, except as otherwise provided in this paragraph (ii), which shall be the period from the end of the period for which property additions were stated in the most recent certificate, if any, with respect to net bondable value of property additions theretofore filed with the Trustee (or in the case of the first such certificate, from the date of execution of this Indenture) to a date specified in the certificate then being filed; a description in reasonable detail of such gross property additions, which description may be by reference to the classifications then used by the Company in its property accounts or, at the option of the Company, may, in the case of tracts or parcels of land, leases, easements, servitudes or rights-of-way, be by reference to the deeds by which the same were acquired or to the supplemental indenture by which the same were or are being conveyed to the Trustee (and which in each case may be contained in an exhibit delivered to the Trustee with such certificate), and which shall specify any gross property additions consisting of an acquired system or consisting of production expenditures or which shall have been acquired and paid for in whole or in part directly through the issue or delivery of shares of stock or other securities; and which shall specify any gross property additions consisting of facilities constructed or acquired primarily to permit the export of natural gas from Canada or the import of natural gas into Canada; the fair value to the Company (as of the date provided for in the definition of fair value to the Company contained in Part I of Article 1) of the gross property additions included in the certificate (except such as have been retired by the Company, and except production expenditures) which fair value, if it is less than the cost thereof to the Company, shall be used in determining the amount at which such gross property additions are included in the certificate; and a distribution of the cost to the

Company, or the fair value to the Company if the fair value is less than the cost, of the property additions described in the certificate among the various classes of such property additions, to such extent and upon such basis, which may be an estimate, as the signers deem proper; provided that the certificate shall not, and shall state that it does not, include the bonded cost of any property additions consisting of (a) production expenditures and production property, or (b) plants for extracting hydrocarbons or other materials and dehydrating plants or (c) underground storage systems or other reservoirs or facilities for the storage of gas in gaseous or liquefied state if in the case of any such category the aggregate bonded cost of all property additions of such category included in such certificate and in all Engineer's Certificates conforming with the provisions of this §4.03(a) previously filed pursuant to any provision of this Indenture (which aggregate bonded cost in each category shall be stated in such certificate) would thereby exceed the limitation upon such category specified in the definition of property additions in Part I of Article 1 hereof.

In case any provision of this Indenture shall require an Independent Engineer's Certificate with respect to any particular property additions included in the certificate, the fair value of such property additions shall be stated in such certificate at the amount set forth in the Independent Engineer's Certificate; and in case an Appraiser's Certificate shall be required by any provision of this Indenture with respect to the fair value in cash of shares of stock or other securities issued or delivered to acquire or pay for any particular property additions included in the certificate, the cost to the Company of such gross property additions shall be the fair value of such shares of stock or other securities as stated in such Appraiser's Certificate.

In case the inclusion in the certificate of all of the gross property additions purchased, constructed, acquired or expended by the Company during the period stated in the certificate would result in an unused property additions credit of more than \$500,000 remaining after the granting of the application being made, an amount of the gross property additions purchased, constructed, acquired or expended during such period sufficient

to prevent such unused gross property additions credit from exceeding \$500,000 shall be omitted from the gross property additions stated in said certificate, but the gross property additions so omitted may be included in any later certificate with respect to net bondable value of property additions, regardless of the period covered by such later certificate. No property additions with respect to which the Company does not at the time furnish the Opinion of Counsel, required by Subdivision (d) of this §4.03, and no production expenditures or production property as to which the Company does not furnish the Independent Engineer's Certificate relating thereto required by Subdivision (b) of this §4.03, shall be included in the gross property additions stated, but such property additions may be included in a later certificate with respect to net bondable value of property additions when the Company is able to furnish the Opinion of Counsel or Independent Engineer's Certificate, or both if required, regardless of the period covered by such later certificate.

(iii) The excess, if any, of the bonded cost of all bondable property released from the lien of this Indenture pursuant to §8.03, §8.04 or §8.05, during the period between the date of the most recent certificate, if any, with respect to net bondable value of property additions (whether Northern Ontario Section or other property additions) theretofore filed with the Trustee (or in the case of the first such certificate, a date prior to the date of the first such release) and the date of the certificate then being filed, over the fair value to the Company of such property at the time of such release, as stated in an Engineer's Certificate filed with the Trustee pursuant to §8.03(b), or in an Independent Engineer's Certificate filed with the Trustee pursuant to §8.03(c), or over the proceeds of such property paid over to the Trustee pursuant to §8.04 or §8.05, as the case may be.

(iv) The bonded cost of all bondable property retired (other than property released from the lien of this Indenture pursuant to §8.03, §8.04 or §8.05), during the period between the latest date of the period for which retirements were stated in the most recent certificate, if any, with respect to net bondable value of property additions (whether Northern Ontario Section

or other property additions) theretofore filed with the Trustee (or in the case of the first such certificate, a date prior to the date of the first such retirement) and the last day of the period during which the property additions described in paragraph (ii) of this Subdivision (a) were purchased, constructed, acquired or expended, less any insurance moneys received by the Trustee pursuant to §5.06 on account of the damage, loss or destruction of such bondable property, which insurance moneys have not theretofore been deducted in any prior certificate pursuant to this paragraph (iv) of this Subdivision (a), but not including in such retirements any production expenditures (whether or not resulting in production) or any other amounts in respect of oil or gas leases or leaseholds or interests therein or wells or other equipment thereon theretofore abandoned, surrendered or retired on the books of the Company as no longer productive.

(v) The aggregate of

(A) the amount of all cash in the trust estate which has been withdrawn pursuant to §9.01 on the basis of property additions, and

(B) the amount by which all cash required to be deposited with the Trustee as part of the trust estate has been reduced in accordance with §8.03 and §5.23 on the basis of property additions by simultaneous compliance with §9.01,

during the period between the date of filing the most recent certificate, if any, with respect to net bondable value of property additions theretofore filed with the Trustee (or in the case of the first such certificate a date prior to the date of the first transaction covered by said clause (A) or (B)) and the date of the certificate then being filed.

(vi) An amount equal to $166\frac{2}{3}\%$ of the amount of any purchase money obligations secured by purchase money liens upon property additions described pursuant to paragraph (ii) of this Subdivision (a), except to the extent that such purchase money obligations have been deducted in any previous certificate filed pursuant to this §4.03.

(vii) The excess, if any, of the aggregate of production expenditures and the bonded cost of production property to the extent that such production expenditures and production property were or are included in all Engineer's Certificates conforming with the provisions of paragraph (a) of this §4.03 theretofore or then filed pursuant to any provision of this Indenture (after deducting therefrom the value of all oil and gas and any derivatives of oil or gas theretofore produced by the Company from the oil and gas leases or interests therein or portions thereof referred to below, calculated on the basis of the average field price thereof for the calendar year in which so produced or for the elapsed portion of the current calendar year for any products produced in the current calendar year) over the sum of (A) the total fair value of the Company's interest in all oil and gas leases or interests or portions thereof which are then subject to the specific lien of this Indenture and (B) the sum of the excess amounts, if any, stated in any certificate conforming with this paragraph (vii) theretofore filed with respect to net bondable value of Northern Ontario Section or other property additions.

(viii) The net bondable value of the property additions described pursuant to paragraph (ii) of this Subdivision (a), which shall be computed by subtracting from the aggregate bonded cost of such property additions as shown pursuant to said paragraph (ii) the sum of the amounts stated pursuant to paragraphs (iii), (iv), (v), (vi) and (vii) of this Subdivision (a); and the result shall be, with respect to such additions, the "net bondable value of property additions". No certificate may be filed under this Subdivision (a) in which the net bondable value of property additions stated therein is less than zero.

(ix) The sum of

(A) 60% of the amount stated in the certificate, pursuant to paragraph (viii) of this Subdivision (a), to be the net bondable value of property additions,

(B) the unused property additions credit, if any, stated in the certificate pursuant to paragraph (i) of this Subdivision (a), and

(C) an amount equal to such part of the principal amount of any purchase money obligations with respect to which an amount has been stated pursuant to paragraph (vi) in any Engineer's Certificate previously filed pursuant to this Subdivision (a) as has, since the date of the last certificate previously filed pursuant to this Subdivision (a), been paid or otherwise discharged by the Company.

(x) The balance, if any, remaining after deducting from the sum stated pursuant to paragraph (ix) of this Subdivision (a) the total of

(A) the amount of cash, if any, which is simultaneously being withdrawn pursuant to §9.04(a) (which amount shall be stated), and

(B) the aggregate principal amount of additional Bonds then being applied for pursuant to this §4.03 upon the basis of property additions (which amount shall be stated, together with the basis upon which the principal amount of any of such additional Bonds payable in United States currency has been converted into Canadian currency),

which balance shall be the "unused property additions credit."

(xi) That the property additions described in the certificate are property additions as defined in Part I of Article 1; that no portion of such property additions was included in any other certificate with respect to net bondable value of property additions filed with the Trustee; that such property additions, except such as have been retired, and except as to production expenditures, are desirable in the conduct of the business of the Company; that, if there are specified in paragraph (ii) of this Subdivision (a) any gross property additions consisting of facilities constructed or acquired primarily to permit the export of natural gas from Canada or the import of natural gas into Canada, governmental authorizations have been obtained permitting the export or import of gas through such facilities in such quantities and for such periods as to justify, in the opinion of the signer of the certificate the construction or acquisition of such facilities;

that the distribution made by the signers of the cost or the fair value to the Company of any of such property additions is, in the opinion of the signers, proper; and that the bonded cost of bondable property retired by the Company during the period since the last day of the period covered pursuant to paragraph (iv) of this Subdivision (a) does not exceed the aggregate of (A) the unused property additions credit stated pursuant to paragraph (x) of this Subdivision (a) and (B) the unused Northern Ontario Section property additions credit stated pursuant to paragraph (viii) of §4.04 in the most recent certificate of net bondable value of Northern Ontario Section property additions filed pursuant thereto and (C) the cost to the Company of property additions (whether Northern Ontario Section or other) not yet utilized under the provisions of this Article 4 or of Article 9; and that, if production property or production expenditures are included in said certificate, such production property and/or production expenditures do not duplicate each other and do not duplicate any property additions of such nature included in any certificate previously filed.

(xii) That the allowances or charges, if any, other than those relating to production expenditures, for interest, taxes, engineering, legal expenses, superintendence, insurance, casualties and other items during construction, included in the cost to the Company of such of the property additions described in the certificate as were constructed by or for the Company, are such as are properly chargeable to fixed property accounts, under the regulations, rules and orders, if any, with respect to such matters, in force at the time of construction, of the commission or other governmental authority having jurisdiction or supervisory authority over the accounts of the Company, or, if there are no such regulations, rules or orders, then in accordance with sound accounting practice.

(xiii) That no portion of the cost or the fair value to the Company of such property additions described in the certificate should properly have been charged to maintenance or repairs, and that, except for production expenditures, no expenditures for property additions are included in the certificate which, under

the regulations, rules and orders, if any, with respect to such matters, in force at the time of the commission or other governmental authority having jurisdiction or supervisory authority over the accounts of the Company, or, if there are no such regulations, rules and orders, are not properly chargeable to fixed property accounts in accordance with sound accounting practice.

(xiv) Whether any portion of such property additions is, at the time, subject to a purchase money lien, construction lien or judgment lien and, if so, a brief statement of the nature and extent of such purchase money lien, construction lien or judgment lien and what, if any, funds have been theretofore deposited with the Trustee on account of such construction lien or judgment lien.

(xv) That no portion of the property additions described in the certificate is subject to any mortgage, pledge or other lien other than the lien of this Indenture, except the purchase money liens, construction liens and judgment liens, if any, specified pursuant to paragraph (xiv) above and permitted liens.

(xvi) That any compressor station, plant for extracting hydrocarbons or other materials or dehydrating plant in respect of which any expenditures are included in bonded cost certified pursuant to paragraph (ii) of this Subdivision (a) is constructed on property owned by the Company in fee simple.

(xvii) That the terms used in the certificate which are defined in Part I of Article 1 are used as therein defined, except that the term "property additions" excludes Northern Ontario Section property additions except as otherwise expressly stated therein.

(b) In case any property additions as shown by the Engineer's Certificate provided for in §4.03(a) consist of an acquired system or of production expenditures or production property, an Independent Engineer's Certificate, dated within 30 days prior to the date of the application, stating, as the case may be, in the opinion of the signer (i) the fair value to the Company of the gross property additions consisting of such acquired system, except such

as have been retired by the Company, determined as provided in Part I of Article 1, or (ii) that the total fair value of the Company's interest in the oil and gas leases or interests or portions thereof specified in said Independent Engineer's Certificate which are then subject to the specific lien of this Indenture is not less than the aggregate of production expenditures and the bonded cost of production property, to the extent that such production expenditures and production property have been included in Engineer's Certificates conforming with the provisions of paragraph (a) of this §4.03 then and theretofore filed pursuant to any provision of this Indenture, after deducting from said aggregate of production expenditures and the bonded cost of production property, the value of all oil and gas and any derivatives therefrom theretofore produced by the Company from the Company's interest in the oil and gas leases or interests or portions thereof specified in said Independent Engineer's Certificate, calculated on the basis of the average field price thereof for the calendar year in which so produced or for the elapsed portion of the current calendar year for any products produced in the current calendar year. No certificate provided for in Section 4.03(a) shall include as property additions the cost of any underground storage system unless there is filed with said certificate or unless there shall have previously been filed with the Trustee an Independent Engineer's Certificate stating that in the opinion of the signer the underground storage system in connection with which such expenditures have been incurred is feasible for the purpose for which it is intended to be used.

(c) In case any property additions are shown by the Engineer's Certificate provided for in §4.03(a) to have been acquired and paid for in whole or in part directly through the issue or delivery of shares of stock or other securities, an Appraiser's Certificate, stating the fair value in cash of such shares of stock or other securities at the time of the issue or delivery thereof in payment for such property additions.

(d) An Opinion of Counsel, dated within 20 days prior to the date of the application, to the effect that:

(i) With respect to the gross property additions described pursuant to §4.03(a)(ii) in the accompanying Engineer's Certificate, except such as have been retired or are referred to in paragraphs (ii), (iii) and (iv) below, the Company has good and marketable title thereto, subject only to permitted liens and to such liens and encumbrances as are referred to in paragraphs (vi) and (vii) below.

(ii) With respect to such gross property additions, except such as have been retired, as consist of easements, servitudes or rights-of-way and improvements thereon, such easements, servitudes and rights-of-way have been duly obtained by the Company and are good and valid and the Company has good title to the improvements thereon constructed by the Company, subject only to permitted liens and to such liens and encumbrances as are referred to in paragraphs (vi) and (vii) below.

(iii) If any of such gross property additions, except such as have been retired, consist of production expenditures or production property, the Company has good and marketable title to the oil and gas leases or interests therein or portions thereof which are specified in the Independent Engineer's Certificate furnished pursuant to §4.03(b) and all of such leases and interests therein or portions thereof are then subject to the specific lien of this Indenture, subject only to permitted liens and to such liens and encumbrances as are referred to in paragraphs (vi) and (vii) below.

(iv) If such property additions include any pipe lines, pipe line equipment or similar structures located or constructed on, over or under public highways, rivers or other public property, or located or constructed on and carried across any highway, railway, irrigation ditch, underground telegraph, telephone or electric power line or pipe line in respect of which the Company does not hold a valid easement or right-of-way as set out in paragraph (ii) above, the Company has the lawful right under permits, orders, leases or franchises granted or made by a governmental body or authority having jurisdiction in the premises or by the law of Canada or of the Province in which such prop-

erty is located to maintain and operate such pipe lines, equipment or structures for an unlimited, indeterminate or indefinite period of time, or for the period, if any, specified in such permit, order, lease, franchise or law, and, in the case of such pipe lines, equipment or structures located or constructed on, over or under public highways, rivers or other public property, is entitled under such permit, order, lease, franchise or law or otherwise to remove such pipe lines, equipment or structures at the expiration of the period covered by such permit, order, lease, franchise or law or that the terms of such permit, order, lease or franchise or any applicable provisions of law require any governmental body or public authority having the right to take over such pipe lines, equipment or structures to pay fair consideration therefor.

(v) The Company has corporate power to own, operate and maintain such property additions (except production expenditures) and the oil and gas leases or interests therein or portions thereof referred to in paragraph (iii) above; the governmental authorizations listed in said opinion have been duly and validly granted and are in full force and effect, and such governmental authorizations are the only ones which it is necessary for the Company to have procured by the date of said certificate in view of the stage of construction or operation of the properties of the Company in relation to which such property additions have been constructed or are to be operated; and, if the accompanying Engineer's Certificate specifies any gross property additions consisting of facilities constructed or acquired primarily to permit the export of natural gas from Canada or the import of natural gas into Canada, such governmental authorizations constitute proper and sufficient authorization to permit the export or import of gas contemplated in the quantities and on the terms and conditions stated in such governmental authorizations; and none of the governmental authorizations listed in said opinion is subject to any pending appeal, petition for review or other litigation or administrative proceedings, and the time, where any such is prescribed by law, within which any appeal from any action granting or sustaining the validity of or within which any party may file any petition for review of any such governmental authorization has expired.

(vi) The nature and extent of the purchase money liens, construction liens and judgment liens, if any, on such property additions are correctly stated in the Engineer's Certificate delivered pursuant to §4.03(a).

(vii) The Indenture constitutes a legal and valid first fixed and specific mortgage hypothec pledge or charge upon all property additions described in said Engineer's Certificate (except such as have been retired and production expenditures) and upon the oil and gas leases or interests therein or portions thereof referred to in paragraph (iii) above, subject only to specified purchase money liens, if any, of the nature and to the extent permitted by §5.14, specified construction liens, if any, specified judgment liens, if any, and permitted liens.

(e) An amount of cash equal to the aggregate of all construction liens and judgment liens specified in said Engineer's Certificate and Opinion of Counsel, less the amount of all cash then held by the Trustee on account of such construction liens and judgment liens, which shall be held and applied by the Trustee as part of the trust estate and which may be withdrawn only in accordance with §9.05.

(f) The cash, if any, and documents required by §4.07 to be delivered to the Trustee.

§4.04. From time to time after the Initial Completion Date and subject to the delivery of the documents specified in §5.21(b), Bonds for the Northern Ontario Section, in addition to other Bonds the issuance of which is otherwise provided for in this Article 4, may be executed by the Company and delivered to the Trustee, and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, in an aggregate principal amount (calculated by converting into Canadian currency, as of a date within ten days prior to the date of the Company's application, the principal amount of Bonds payable in United States currency) not in excess of 100% of the remaining net bondable value of Northern Ontario Section property additions (less an amount in lieu of depreciation accrued after the date of acquisition of the Northern Ontario Section by the Company as provided below

in Subdivision (a)(ii)) and, when added to the principal amount of Bonds for the Northern Ontario Section, if any, theretofore authenticated pursuant to this §4.04 and theretofore authenticated or then being applied for pursuant to §4.05(b), not in excess of Can. \$120,000,000, but only upon receipt by the Trustee of the following:

(a) An Engineer's Certificate, dated within 30 days prior to the date of the Company's application, with respect to net bondable value of Northern Ontario Section property additions, which shall state that the term "property additions" as used in said certificate means Northern Ontario Section property additions and that all monetary amounts stated therein are in Canadian currency except in either case as otherwise specifically stated therein, and shall show, in substance:

(i) In the case of the first such certificate, the aggregate bonded cost to the Company (determined as provided in this paragraph (i)) of the gross Northern Ontario Section property additions as purchased in their entirety by the Company; a description in reasonable detail of such gross property additions, which description may make the references permitted by §4.03(a)(ii) and which shall specify such gross property additions which shall have been acquired and paid for in whole or in part directly through the issue or delivery of shares of stock or other securities; the depreciated original cost of the Northern Ontario Section property additions at the date of the purchase of the Northern Ontario Section as an entirety by the Company, as stated in the Independent Engineer's Certificate then being delivered in conformity with §4.04(b), except such as have been retired by the Company, which depreciated original cost, if it is less than the cost thereof to the Company shall be used in determining the amount at which such gross property additions are included in the first such certificate so filed; and a distribution of the cost to the Company, or of the depreciated original cost if less than the cost to the Company, of the property additions described in the certificate among the various classes of such property additions, to such extent and upon such basis, which may be an estimate, as the signers deem proper.

In the case of each Engineer's Certificate filed pursuant to this Subdivision (a) (i) after the first such certificate, the unused Northern Ontario Section property additions credit as stated in the most recent certificate theretofore filed with the Trustee pursuant to this §4.04, regardless of the amount of such credit.

In case an Appraiser's Certificate is concurrently being filed in accordance with paragraph (c) of this §4.04 with respect to the fair value in cash of shares of stock or other securities issued or delivered to acquire or pay for any particular Northern Ontario Section property additions included in the certificate, the cost to the Company of such gross property additions shall be the fair value of such shares of stock or other securities as stated in such Appraiser's Certificate.

(ii) An amount equal to $3\frac{1}{2}\%$ per annum computed on the amount stated pursuant to Subdivision (a)(i) above (that is, the aggregate bonded cost stated in the first such certificate and the unused Northern Ontario Section property additions credit stated in subsequent certificates) for the period ending on the date of the Company's application then being filed and, in the case of the first application pursuant to this §4.04, commencing on the date of acquisition of the Northern Ontario Section by the Company and, in the case of applications filed thereafter, commencing on the date of the Company's most recent application pursuant to this §4.04 (such $3\frac{1}{2}\%$ to be applied to the full amount stated without regard to the extent to which it represents depreciable property).

(iii) The amount required to be stated pursuant to paragraph (iii) of §4.03(a).

(iv) The amount required to be stated pursuant to paragraph (iv) of §4.03(a).

(v) The aggregate of

(A) the amount of all cash in the trust estate which has been withdrawn pursuant to §9.01 on the basis of Northern Ontario Section property additions, and

(B) the amount by which all cash required to be deposited with the Trustee as part of the trust estate has been reduced in accordance with §8.03 and §5.23 on the basis of Northern Ontario Section property additions by simultaneous compliance with §9.01,

during the period between the date of filing the most recent certificate, if any, with respect to net bondable value of Northern Ontario Section property additions theretofore filed with the Trustee (or in the case of the first such certificate a date prior to the date of the first transaction covered by said clause (A) or (B)) and the date of the certificate then being filed.

(vi) The amount required to be stated by paragraph (vii) of §4.03(a).

(vii) The remaining net bondable value of Northern Ontario Section property additions, which shall be computed by subtracting from the amount shown pursuant to paragraph (i) the sum of the amounts stated pursuant to paragraphs (ii), (iii), (iv), (v) and (vi) of this Subdivision (a); and the result shall be the "remaining net bondable value of Northern Ontario Section property additions". No certificate may be filed under this Subdivision (a) in which the remaining net bondable value of Northern Ontario Section property additions stated therein is less than zero.

(viii) The balance, if any, resulting from deducting from the amount of the remaining net bondable value of Northern Ontario Section property additions stated pursuant to paragraph (vii) of this Subdivision (a) the total of

(A) the amount of cash, if any, which is simultaneously being withdrawn pursuant to §9.04(b) (which amount shall be stated), and

(B) the aggregate principal amount of additional Bonds then being applied for pursuant to this §4.04 upon the basis of Northern Ontario Section property additions (which amount shall be stated, together with the basis upon which the principal amount of any such additional Bonds payable in United States currency has been converted into Canadian currency),

which balance shall be the “unused Northern Ontario Section property additions credit”.

(ix) In the case of the first such certificate, that the property additions described in the certificate are Northern Ontario Section property additions as defined in Part I of Article 1, that no portion of such property additions was included in any other certificate with respect to net bondable value of Northern Ontario Section or other property additions filed with the Trustee, and that the cost of such property additions is properly chargeable to fixed property account under the regulations, rules and orders with respect to such matters in force at the time of the commission or other governmental body having jurisdiction or supervisory authority over the accounts of the Company, or, if there are no such regulations, rules or orders, then in accordance with sound accounting practice; that the distribution made by the signers of the cost or the depreciated original cost of any of such property additions is, in the opinion of the signers, proper; in the case of all such certificates, that the bonded cost of bondable property retired by the Company during the period since the last day of the period covered pursuant to paragraph (iv) of this Subdivision (a) does not exceed the aggregate of (A) the unused Northern Ontario Section property additions credit stated pursuant to paragraph (viii) of this Subdivision (a) and (B) the unused property additions credit stated pursuant to paragraph (x) of §4.03(a) in the most recent certificate of net bondable value of property additions filed pursuant thereto and (C) the cost to the Company of property additions other than Northern Ontario Section property additions not yet utilized under the provisions of this Article 4 or of Article 9.

(x) The statements required by paragraphs (xiv) and (xv) of §4.03(a), with respect to the Northern Ontario Section.

(xi) That the terms used in the certificate which are defined in Part I of Article 1 are used as therein defined, except that the term “property additions” means Northern Ontario Section property additions except as otherwise expressly stated therein.

(b) As a part of the first application filed by the Company pursuant to this §4.04, an Independent Engineer's Certificate, dated within 30 days prior to the date of the application, stating in the opinion of the signer the depreciated original cost of the Northern Ontario Section property additions at the date of the purchase of the Northern Ontario Section as an entirety by the Company, determined as provided in Part I of Article 1.

(c) In case any Northern Ontario Section property additions are shown by the Engineer's Certificate provided for in §4.04(a) to have been acquired and paid for in whole or in part directly through the issue or delivery of shares of stock or other securities, an Appraiser's Certificate, stating the fair value in cash of such shares of stock or other securities at the time of the issue or delivery thereof in payment for such property additions.

(d) An Opinion of Counsel, dated within 20 days prior to the date of the application, covering, with respect to the Northern Ontario Section, the matters referred to in §4.03(d), but stating that the Northern Ontario Section is not subject to any purchase money lien.

(e) An amount of cash equal to the aggregate of all construction liens and judgment liens specified in said Engineer's Certificate and Opinion of Counsel, less the amount of all cash then held by the Trustee on account of such construction liens and judgment liens, which shall be held and applied by the Trustee as part of the trust estate and which may be withdrawn only in accordance with §9.05.

(f) The cash, if any, and documents required by §4.07 to be delivered to the Trustee.

§4.05. (a) From time to time after the Initial Completion Date and subject to the delivery of the documents specified in §5.21(b), Bonds, in addition to those the issuance of which is otherwise provided for in this Article 4, may be executed by the Company and delivered to the Trustee, and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, in an aggregate principal amount equal to the amount of cash then being deposited with the

Trustee pursuant to this §4.05(a) (the principal amount of such Bonds and the amount of cash being calculated by converting into Canadian currency, as of a date within ten days prior to the date of the Company's application, the principal amount of Bonds payable, and the amount of cash deposited, in United States currency), but only upon receipt by the Trustee of:

(i) Cash in an amount equal to the aggregate principal amount of additional Bonds applied for pursuant to this §4.05(a), which, at the Company's election, may be in whole or in part in Canadian or United States currency regardless of the currency in which the Bonds being applied for are to be payable, and shall be held and applied by the Trustee as a part of the trust estate, and which may be withdrawn only in accordance with §9.04(a).

(ii) The cash, if any, and documents required by §4.07 to be delivered to the Trustee.

(b) From time to time after the Initial Completion Date and subject to the delivery of the documents specified in §5.21(b), Bonds for the Northern Ontario Section, in addition to Bonds the issuance of which is otherwise provided for in this Article 4, may be executed by the Company and delivered to the Trustee, and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, in an aggregate principal amount which is equal to the amount of cash then being deposited with the Trustee pursuant to this §4.05(b) and which, when added to the principal amount of Bonds for the Northern Ontario Section, if any, theretofore authenticated pursuant to this §4.05(b) and theretofore authenticated or then being applied for pursuant to §4.04, shall not exceed the equivalent of Can. \$120,000,000 (the principal amount of such Bonds applied for and the amount of cash being deposited being calculated as provided above in §4.05(a)), but only upon receipt by the Trustee of:

(i) Cash in an amount equal to the aggregate principal amount of additional Bonds applied for pursuant to this §4.05(b), which, at the Company's election, may be in whole or in part in Canadian or United States currency regardless of the currency in which the Bonds being applied for are to be payable,

and shall be held and applied by the Trustee as a part of the trust estate, and which may be withdrawn only in accordance with §9.04(b).

(ii) The cash, if any, and documents required by §4.07 to be delivered to the Trustee.

(c) At any time and from time to time after execution and delivery of this Indenture and prior to the Compressor Station Completion Date, Escrow Bonds, in addition to Bonds the issuance of which is otherwise provided for in this Article 4, may be executed by the Company and delivered to the Trustee, and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, in an aggregate principal amount which is equal to the amount of cash then being deposited with the Trustee pursuant to this §4.05(c) and which, when added to the principal amount of Escrow Bonds, if any, theretofore authenticated pursuant to this §4.05(c), shall not exceed \$13,000,000, the principal amount of such Bonds applied for and the amount of cash being deposited being calculated as provided above in §4.05(a), but only upon receipt by the Trustee of:

(i) Cash in an amount equal to the aggregate principal amount of additional Bonds applied for pursuant to this §4.05(c), which, at the Company's election, may be in whole or in part in Canadian or United States currency regardless of the currency in which the Bonds being applied for are to be payable, and shall be held by the Trustee as a part of the trust estate.

(ii) The cash, if any, and documents required by §4.07 to be delivered to the Trustee, except that the Officers' Certificate provided for in §4.07(b) need not contain the statements required by paragraphs (i), (ii) and (iii), and the Company need not furnish the Independent Chartered Accountant's Certificate provided for in §4.07(b).

(iii) An Officers' Certificate stating either

(A) that the proceeds to be received by the Company from the sale of the Escrow Bonds applied for are required by the Company to meet the cost of completion of the initial

stage of pipe line development or the cost of acquisition of the Niagara Section, in which event cash received by the Trustee in the amount equal to the aggregate principal amount of such Bonds may be withdrawn only in accordance with §9.03, and shall for all purposes of this Indenture be treated as if such cash had been received by the Trustee pursuant to §4.02(d) hereof upon the authentication and delivery of Bonds of the 1978 Series, or

(B) that the proceeds to be received by the Company from the sale of the Escrow Bonds applied for are required by the Company to meet the cost of completion of the second stage of pipe line development, in which event the cash received by the Trustee in the amount equal to the aggregate principal amount of such Bonds may be withdrawn only in accordance with §9.04(c).

All Escrow Bonds authenticated and delivered prior to April 1, 1964 shall specify April 1 and October 1 as the dates for the payment of interest thereon.

§4.06. From time to time after the Initial Completion Date and subject to the delivery of the documents specified in §5.21(b), Bonds, in addition to those the issuance of which is otherwise provided for in this Article 4, may be executed by the Company and delivered to the Trustee, and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, in an aggregate principal amount equal to the aggregate principal amount of the refundable Bonds made the basis of the application therefor (calculated in each case by converting into Canadian currency, as of a date within ten days prior to the date of the Company's application, the principal amount of Bonds payable in United States currency), but only upon receipt by the Trustee of:

(a) An Officers' Certificate, dated within ten days prior to the date of such application, stating in substance:

(i) The series and aggregate principal amount of the Bonds in substitution for which additional Bonds are to be

authenticated and delivered, and the method of conversion of the principal amount of any such refundable Bonds or additional Bonds payable in United States currency.

(ii) That no part of the Bonds made the basis for the application has theretofore been made the basis for the authentication and delivery of additional Bonds pursuant to this §4.06, for the withdrawal of cash included in the trust estate or for the reduction of the amount of cash required to be deposited in the trust estate under any provision of this Indenture.

(iii) That no part of the Bonds made the basis for the application were paid, redeemed or purchased with moneys included in the trust estate.

(iv) That no part of the Bonds made the basis for the application were (A) paid, redeemed or purchased pursuant to, or used to meet or in anticipation of the requirements of the provisions of the sinking fund for Bonds of the 1978 Series or of any sinking or analogous fund established by any indenture supplemental hereto or (B) in case of Bonds of any series which mature serially, paid upon any maturity other than the final maturity of Bonds of such series.

(b) The cash, if any, and documents required by §4.07 to be delivered to the Trustee, except that (A) in any case where the interest rate to be borne by the additional Bonds to be authenticated and delivered will be equal to or lower than the interest rate borne by the Bonds made the basis for the application (on the basis of absolute comparison between rates borne by Bonds payable in different currencies, with no adjustment for current rates of exchange) and in any case where the refundable Bonds made the basis for the authentication and delivery of the Bonds applied for were pledged to secure the Bank Notes immediately prior to their surrender to the Trustee, the Officers' Certificate provided for in §4.07(b) need not contain the statements required by paragraphs (i), (ii) and (iii), and (B) in any case in which the preceding clause (A) is not applicable but where the application is on the basis of the payment at maturity of Bonds or the redemption or

purchase thereof after a date two years prior to the date of maturity, the Officers' Certificate provided for in §4.07(b) need not contain the statements required by paragraphs (i), (ii) and (iii), but in lieu thereof there shall be filed with the Trustee an Officers' Certificate stating in substance that all or substantially all of the additional Bonds so applied for, or the proceeds of the sale thereof, will be applied by the Company to the retirement, by payment, redemption, purchase or exchange, of the Bonds made the basis for the application or the repayment by the Company of moneys borrowed and used for such purpose and (C) in any case in which either the preceding clause (A) or the preceding clause (B) is applicable, the Company need not furnish any Independent Chartered Accountant's Certificate provided for in §4.07(b).

§4.07. The Company shall also file or deposit with the Trustee, upon any application for the authentication of additional Bonds pursuant to §4.03, §4.04, §4.05 or §4.06, except as therein otherwise provided:

(a) A certified resolution of the Board of Directors authorizing the execution and requesting the authentication and delivery of the Bonds applied for in the principal amount, payable in the currency or currencies, therein specified and designating the series of such Bonds, as created by the terms of an indenture supplemental hereto.

(b) So long as any Bonds of the 1978 Series shall be outstanding, an Officers' Certificate, dated within ten days prior to the date of the Company's application, stating:

(i) The net earnings of the Company available for interest and property retirement appropriations for any 12 consecutive calendar months during the period of 15 calendar months immediately preceding the first day of the month in which the application for authentication and delivery of additional Bonds is made, and to that end specifying the revenues and income of the Company and the deductions therefrom, all as called for by the definition contained in Part I of Article 1; and showing that

such net earnings of the Company available for interest and property retirement appropriations have been in the aggregate equal to not less than (A) $3\frac{1}{2}$ times the amount of the annual interest charges on the Bonds and purchase money obligations referred to in paragraph (iii) of this Subdivision (b), and (B) $1\frac{1}{2}$ times the maximum annual service charge on such Bonds and purchase money obligations.

(ii) The net earnings of the Company available for interest for the same 12 months period as in paragraph (i) of this Subdivision (b), and to that end specifying the revenues and income of the Company and the deductions therefrom, all as called for by the definition contained in Part I of Article 1; and showing that such net earnings of the Company available for interest have been in the aggregate equal to not less than $2\frac{1}{4}$ times the amount of the annual interest charges on the Bonds and purchase money obligations referred to in paragraph (iii) of this Subdivision (b).

(iii) The annual interest charges, and the maximum annual service charge, on all Bonds at the time outstanding, on the additional Bonds applied for and on all purchase money obligations at the time outstanding, except any Bonds or purchase money obligations which will cease to be outstanding prior to or concurrently with the issuance and sale by the Company of the Bonds applied for.

(iv) The total capitalization of the Company, giving effect to the issuance of the Bonds then applied for and the retirement of any Bonds or other indebtedness which will cease to be outstanding prior to or concurrently with the issuance and sale by the Company of the Bonds applied for, and including earned surplus as of a date within 90 days of the delivery of such certificate; and showing that the principal amount of Bonds and purchase money obligations included in total capitalization of the Company as so stated does not exceed 70% of such total capitalization.

(v) That the terms used in such certificate which are defined in Part I of Article 1 are used as therein defined.

In the event that the period of 12 months referred to in the Officers' Certificate required to be filed with the Trustee by this Subdivision (b) is a period with respect to which an annual report is required to be filed by the Company pursuant to §5.08(b) and an independent audit of the Company's accounts has been completed at the date of such Officers' Certificate or if the aggregate principal amount of Bonds to be authenticated and delivered and of Bonds authenticated and delivered since the commencement of the then current calendar year (other than Bonds with respect to which an Independent Chartered Accountant's Certificate has been previously furnished) is 10% or more of the aggregate principal amount of Bonds at the time outstanding, the Certificate to be filed with the Trustee pursuant to this Subdivision (b) shall be an Independent Chartered Accountant's Certificate.

(c) In case of the creation of a new series of Bonds, a supplemental indenture which shall set forth the provisions and, unless otherwise adopted or approved by the Board of Directors, the form of the Bonds of such series.

(d) An Opinion of Counsel, dated within 20 days prior to the date of such application, to the effect that:

(i) Since the date of the last previous Opinion of Counsel filed with the Trustee pursuant to §4.03, §4.04, §4.05 or §4.06 (or since the date of execution of this Indenture in the case of the first Opinion filed hereunder), no property described in any previous certificate with respect to property additions filed with the Trustee, which is still owned by the Company, has become and still remains subject to any lien not existing thereon at such previous date, excepting permitted liens, specified purchase money liens of the nature and to the extent permitted by §5.14, and specified construction and judgment liens.

(ii) The issue of the additional Bonds applied for has been duly authorized by the Company and by all governmental authorities the consent of which is requisite to the legal issue of such Bonds or that no such consent is required. Unless such Opinion shall state that no such consent is required, it shall specify and be accompanied by certified copies of any orders, certificates or other documents by which such consent is evidenced.

(iii) The Company is duly authorized to issue the additional Bonds applied for under the laws of Canada and the Provinces thereof in which the Company does business or intends to do business and the applicable laws of any other jurisdictions and is duly entitled to the authentication and delivery of such Bonds under the provisions of this Indenture; upon the issue of such Bonds, they will be the valid and legally binding obligations of the Company and entitled to the benefits and security of this Indenture; and the amount of Bonds then outstanding under this Indenture will not exceed the amount at the time permitted by law.

(e) An amount of cash equal to the aggregate amount of all construction liens and judgment liens specified in the Opinion of Counsel provided for in Subdivision (d) of this §4.07, less the amount of all cash then held by the Trustee on account of such construction liens and judgment liens, which shall be held and applied by the Trustee as a part of the trust estate and which may be withdrawn only in accordance with §9.05; provided that, in case of the issuance of Escrow Bonds prior to the Initial Completion Date, it shall not be necessary to deliver to the Trustee cash equal to construction liens on the Project.

(f) An Officers' Certificate, dated within ten days prior to the date of the Company's application, to the effect that, so far as known to the signers, the Company is not and by the making or the granting of the application will not be in default in the performance of any of the terms or covenants of this Indenture.

ARTICLE 5.

Particular Covenants of the Company.

The Company hereby covenants, warrants and agrees as follows:

§5.01. The Company will punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds duly issued hereunder according to the terms thereof. As the coupons are paid they shall be forthwith cancelled.

§5.02. The Company will not, directly or indirectly, extend, or assent to the extension of, the time for payment of any coupon or claim for interest upon any Bond, and it will not, directly or indirectly, take part in any arrangement therefor by purchasing any such coupon or claim or in any other manner. No coupon or claim for interest which in any way at or after maturity shall have been transferred or pledged by the Company, separate or apart from the Bond to which it relates, or which shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the Company, shall be entitled, in case of a default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of the Bonds and of all coupons and claims for interest not so transferred, pledged, kept alive or extended.

§5.03. (a) On the Initial Completion Date and the Compressor Station Completion Date the Company will have good and marketable title to all property included in the Project on such respective dates, except such as has been released from, or otherwise duly discharged or disposed of free from, the lien hereof, subject only to permitted liens, construction liens and purchase money liens of the nature and to the extent provided in §5.14; the Company has and will continue to have good right and lawful authority to mortgage all of the mortgaged property as provided in this Indenture; and the mortgaged property will be, upon the Initial Completion Date and the Compressor Station Completion Date, free and clear of any mortgage, lien, charge or other encumbrance thereon or affecting the title thereto except the lien of this Indenture, and except other liens, pledges, deposits and other security of the nature and to the extent permitted by §5.14, and except as set forth in the Granting Clauses hereof. The Company will warrant, preserve and defend its title to such property and every part thereof, herein or hereafter subjected to the specific lien of this Indenture, to the Trustee against the claims of all persons whomsoever and will maintain and preserve the specific lien of this Indenture thereon so long as any of the Bonds shall be outstanding, free and clear of any mortgage, hypothec, lien, charge or encumbrance thereon or affecting the title thereto ranking prior to or *pari passu* with the lien of this Indenture, other than as stated above.

(b) The contracts listed in Part Two of the Second Schedule to this Indenture have been duly authorized, executed and delivered by the respective parties thereto and constitute the legal, valid and binding obligations of such parties (subject in the case of the Northern Ontario Section Contract to any applicable rights of sovereign immunity), and have been validly assigned, mortgaged and pledged under and are subject to the specific lien of this Indenture, free and clear of any trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto ranking prior to or *pari passu* with the lien of this Indenture, subject to the provisions of Section B of Part II of Article I hereof, and all contracts and agreements which the Company is required by §7.02 to assign to and pledge with the Trustee will, at the respective dates when such contracts and agreements are so assigned and pledged, have been duly authorized, executed and delivered by the respective parties thereto and will constitute the legal, valid and binding obligations of such parties (subject to any applicable rights of sovereign immunity).

§5.04. The Company designates The Royal Bank of Canada and The Canadian Bank of Commerce in the City of Toronto and in the City of Montreal, Canada, as its paying agents in said Cities, respectively, for Bonds and coupons payable in Canadian currency and designates the respective principal offices of said Banks in said Cities as the offices or agencies where Bonds and coupons payable in Canadian currency may be presented for payment and where notices, presentations and demands to or upon the Company in respect of Bonds or coupons payable in Canadian currency may be given or made. The Company designates J. P. Morgan & Co. Incorporated in The City of New York, as its paying agent in The City of New York for Bonds and coupons payable in United States currency and designates the principal office of said Trust Company in said City as the office or agency where Bonds and coupons payable in United States currency may be presented for payment and where notices, presentations and demands to or upon the Company in respect of Bonds or coupons payable in United States currency may be given or made. The Company hereby appoints The Royal Bank of Canada, The Canadian Bank of Commerce and J. P. Morgan & Co. Incorporated as its paying agents for such purposes, such appointments to continue unless and until the Company

shall hereafter by written notice signed by its President or a Vice President designate for such purpose some other office or agency in the City of Toronto or the City of Montreal in lieu of either or both of The Royal Bank of Canada and The Canadian Bank of Commerce or designate for such purpose some other office or agency (other than itself) in The City of New York in lieu of J. P. Morgan & Co. Incorporated; provided, however, that before designating any office or agency in The City of New York in lieu of J. P. Morgan & Co. Incorporated, the Company shall give the Trustee and all registered owners of Bonds payable in United States currency 60 days' advance written notice of such proposed designation and the location thereof. If at any time after having so designated an office or agency in the City of Toronto or the City of Montreal in lieu of the principal offices of The Royal Bank of Canada or The Canadian Bank of Commerce, the Company shall fail to maintain at least one office or agency for such purposes in each of said Cities, then and in such event, Bonds and coupons payable in Canadian currency shall be payable, and notices, presentations and demands with respect thereto may be given or made, at the principal office of the Trustee in the City of Toronto or the City of Montreal. If at any time after having so designated such other office or agency in The City of New York, the Company shall fail to maintain such other office or agency for such purposes in said City, then and in such event Bonds and coupons payable in United States currency shall be payable, and notices, presentations and demands with respect thereto may be given or made, at the principal office of J. P. Morgan & Co. Incorporated in The City of New York.

§5.05. The Company will at all times protect its title to the mortgaged property and every part thereof against loss by reason of any foreclosure or other proceeding to enforce any lien thereon ranking prior to or *pari passu* with the lien of this Indenture. The Company will duly pay and discharge, or cause to be paid and discharged, before they become overdue, all taxes, rates, assessments and governmental and other charges lawfully levied and imposed upon the mortgaged property, including the franchises, earnings and business of the Company, and will duly observe and conform to all valid requirements of any governmental authority relative to any part of such property and all cove-

nants, terms and conditions under or upon which any part of such property is held; and the Company will promptly discharge any construction lien or judgment lien which may heretofore have been created or may hereafter be created on the mortgaged property. However, nothing contained in this §5.05 shall require any such tax, assessment, lien or charge to be paid or any such requirement to be complied with so long as the validity thereof shall be contested in good faith, and, if necessary, by appropriate legal proceedings, provided that such security for such payment or compliance shall be given as the Trustee may require; nor shall anything contained in this §5.05 prevent the abandonment of any property as and to the extent permitted by §8.02(b).

§5.06. The Company will:

(a) At all times cause all of the mortgaged property, which is of a character usually insured by companies similarly situated and operating like properties, properly to be insured against loss or damage from such hazards and risks as are usually insured against by companies similarly situated and operating like properties, including public liability insurance and insurance against war and sabotage risks, in amounts customarily carried by such companies, by insurers believed by the Company to be responsible, but no particular hazard or risk need be insured except to the extent of the excess thereof, if any, over \$100,000. From time to time another method or plan of protection against such loss or damage may be substituted, in whole or in part, for the aforesaid insurance, if, in the opinion of the signer of an Independent Engineer's Certificate, such plan or method shall afford protection to the Trustee and the trust estate at least equal to the plan or method of protection against such loss or damage then generally in use with respect to similar properties subject to similar or greater hazards or risks, but before any such other method or plan may be so substituted, there shall be filed with the Trustee:

(1) An Independent Engineer's Certificate stating that, in the opinion of the signer, such method or plan of protection is in accordance with the requirements of this Subdivision (a), affords adequate protection to the Trustee and the trust estate against loss and damage from hazards and risks covered thereby,

and does not lessen the protection against such loss or damage existing immediately prior to the substitution of such method or plan.

(2) An Officers' Certificate setting forth such method or plan in reasonable detail.

(b) Cause all of the proceeds of insurance, if such proceeds are in excess of \$50,000, with respect to any particular loss of specifically mortgaged property which has been insured, to be made payable and to be paid to the Trustee, to be held and applied by the Trustee as a part of the trust estate, except that, if the terms of the mortgage or other instrument securing any purchase money obligation require the payment thereof to the holder thereof, any such loss may be payable and may be paid to such holder.

(c) Cause an amount equal to all proceeds of any insurance covering the specifically mortgaged property and payable directly to the Company to be applied to the repair, replacement or improvement of the property damaged or destroyed.

(d) At any and all times upon the written request of the Trustee and in any event in May of each calendar year, beginning with the year 1958, furnish to the Trustee an Officers' Certificate stating in substance that the Company has complied with all the terms and conditions of Subdivisions (a) and (b) of this §5.06 and, except where another plan or method of protection has been substituted as permitted by said Subdivision (a), containing a detailed statement of the insurance then outstanding and in force provided for under said Subdivision (a), including the names of the insurers, the amounts thereof and the property, hazards and risks covered thereby.

(e) Whenever requested in writing by the Trustee, cause the policies of insurance carried pursuant to this §5.06 to be delivered to the Trustee for examination or inspection, and the Trustee shall, within 30 days from the date of such delivery, return such policies to the Company.

All moneys received by the Trustee as proceeds of insurance shall, subject to the requirements of any purchase money obliga-

tion, be paid by the Trustee to the Company to reimburse the Company in an amount equal to the amount of expenditures made or obligations incurred for the repair, replacement or improvement of the property damaged or destroyed, upon receipt by the Trustee of:

- (1) an Officers' Certificate requesting such reimbursement;
- (2) an Engineer's Certificate stating the amount of the expenditures so made or the obligations so incurred and the nature of such repair, replacement or improvement; and
- (3) an Opinion of Counsel that the property so repaired or improved or constituting such replacement is subject to the lien of this Indenture to the same extent as was the property so damaged or destroyed.

Any such moneys not so applied within 18 months after their receipt by the Trustee, or in respect of which notice in writing of intention to apply the same to the work of repair, replacement or improvement then in progress and uncompleted shall not have been given to the Trustee by the Company within 18 months, or which the Company shall at any time notify the Trustee is not to be so applied, shall thereafter be withdrawn or applied in the manner, to the extent and for the purposes and subject to the conditions provided in §9.02 or §9.07.

§5.07. The Company will at all times make or cause to be made such expenditures by means of renewals, replacements, repairs, maintenance or otherwise as shall be necessary to maintain, preserve and keep the mortgaged property at all times in good repair, physical condition, working order and condition and in a state of good operating efficiency, except that the Company may abandon any property as provided in §8.02(b). The Company covenants that it will promptly retire on its books of account all property included in the fixed property account (except real estate held for the purpose of sale or resale) that has, in the opinion of the Company, permanently ceased to be used or useful in its business.

§5.08. (a) At any and all times, upon the written request of the Trustee, the Company will permit the Trustee, by its agents and attor-

neys, to make reasonable examinations of the books of account, records, reports and other papers of the Company and to take copies and extracts therefrom.

(b) The Company will file with the Trustee, within 15 days after the Company is required to file the same with the United States Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as said Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with said Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

§5.09. If the Company shall fail to perform any of the covenants contained in §5.05, §5.06 and §5.07, the Trustee, or any receiver appointed hereunder, may make advances to perform the same in its behalf, and the Company hereby agrees to repay all sums so advanced in its behalf, on demand, with interest at 6% per annum after such advance, and all sums so advanced, with interest as aforesaid, shall be secured hereby and shall have the benefit of the lien hereby created, in priority to the indebtedness evidenced by the Bonds and coupons, but no such advances shall be deemed to relieve the Company from any default hereunder.

§5.10. The Company will cause this Indenture and any and all supplemental indentures and instruments of conveyance, transfer, assignment or further assurance at all times to be kept recorded or re-recorded, filed or re-filed, entered or re-entered, or registered or re-registered in such manner and in such places (subject as hereinafter provided) as may in the opinion of counsel be of material advantage in preserving and protecting the security created by this Indenture and the rights of the Bondholders and the Trustee hereunder, and the Company will furnish to the Trustee:

(a) Promptly after the execution and delivery of this Indenture and of each supplemental indenture, an Opinion of Counsel stating that in the opinion of such counsel this Indenture or such supplemental indenture has been properly recorded, filed, entered and/or registered so as to make effective the lien intended to be

created thereby on real and immovable property and interests therein (including pipe lines) constituting part of the specifically mortgaged property, or stating that in the opinion of such counsel no such action is necessary to make such lien effective.

(b) On or before August 1 of each year, beginning with the year 1958, an Opinion of Counsel either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording and re-filing, entry and re-entry and registry and re-registry of this Indenture and of each supplemental indenture as is necessary to maintain the lien thereof as a lien on real and immovable property and interests therein (including pipe lines) constituting part of the specifically mortgaged property, or stating that in the opinion of such counsel no such action is necessary to maintain such lien.

Notwithstanding anything herein contained, this Indenture or any deed or indenture supplemental hereto need not be registered against any property in respect of which the Company holds only an option or similar right to purchase or otherwise acquire such property or any interest therein and any Opinion of Counsel given hereunder or pursuant hereto may be qualified accordingly.

§5.11. Any and all property hereafter acquired by the Company, and any and all improvements, extensions, betterments or additions to property of the Company, which by this Indenture are, or are intended to become, part of the specifically mortgaged property (all such property hereafter acquired and all such improvements, extensions, betterments or additions being hereafter in this §5.11 referred to as "after-acquired property"), promptly upon the acquisition thereof by the Company, and without any further conveyance, mortgage, hypothec, pledge, charge, assignment or act on the part of the Company or of the Trustee, or either of them, shall become and be subject to the specific lien of this Indenture, as fully and completely as though now owned by the Company and specifically described in the GRANTING CLAUSES hereof; but nevertheless, the Company will from time to time after delivery to the Trustee of the documents specified in §5.21(b), execute, acknowledge and deliver any and all such further deeds or

other instruments of conveyance, assignment, transfer, mortgage, hypothecation, cession, pledge or charge thereof as are required by the terms and provisions of this Indenture or as the Trustee may be advised by Counsel are requisite or desirable for the purpose of effectively mortgaging, hypothecating, pledging and/or charging wherever and to the extent possible such after-acquired property to and in favor of the Trustee as and by way of a first fixed and specific mortgage hypothec pledge or charge for the purposes and upon the terms and conditions specified in this Indenture.

In furtherance of, but without limiting the generality of, the foregoing covenants of this §5.11, the Company will furnish to the Trustee annually on or about July 1 in each year, commencing with the July 1 immediately following delivery to the Trustee of the documents specified in §5.21(b) or more often, if the Trustee reasonably requires, the following:

(a) an Engineer's Certificate, dated as of the preceding April 1, briefly describing any after-acquired property which the Company may have acquired since the date of the most recent Certificate filed with the Trustee pursuant to this §5.11 (or, in the case of the first such Certificate, since the date of the Opinion of Counsel furnished pursuant to §5.21(b)(iii) hereof);

(b) the instruments, if any, specified in the Opinion of Counsel referred to in the following paragraph (c); and

(c) an Opinion of Counsel specifying the deeds or other instruments of conveyance, assignment, transfer, mortgage, hypothecation, pledge or charge which will, in the opinion of such Counsel, be sufficient to subject to the specific lien of this Indenture the after-acquired property described in said Certificate, or stating that no such deeds or other instruments of conveyance, assignment, transfer, mortgage, hypothecation, pledge or charge are necessary for such purpose, and that, upon the recording or re-recording, filing or re-filing, entry or re-entry or registration or re-registration, in the manner stated in such opinion, of the instruments so specified, if any, or without any such recording or re-recording, filing or re-filing, entry or re-entry or registration or re-registration if such opinion shall so state, this Indenture will constitute or

constitutes, as the case may be, the valid first fixed and specific mortgage hypothec pledge or charge upon such after-acquired property, subject only to permitted liens and specified construction liens, if any, and specified purchase money liens, of the nature and to the extent permitted by §5.14.

§5.12. While any of the Bonds are outstanding, and except as permitted by §7.02(c), (d), (e) or (f), the Company will make all payments due and will comply with all other terms, conditions and provisions on its part to be performed under all leases and interests therein and contracts subject to the specific lien of this Indenture, and it will not amend, terminate or cancel, and will take all action requisite on its part to prevent any amendment, termination (other than a termination in accordance with the terms thereof not resulting from any action or failure to act on the part of the Company) or cancellation (or the accrual of any right thereto) of any of the said leases or interests therein or contracts.

If any action or payment on the part of any other party to any of the leases or interests therein subject to the specific lien of this Indenture shall be necessary to prevent the occurrence of any default which might result in the termination or cancellation of the Company's rights in any such lease or interest therein, the Company shall promptly request such other party to take such necessary action or make such payment and the Company shall employ all reasonable means available to it to induce or compel such other party to take such action or to make such payment in order to prevent such default.

§5.13. The Company (a) will not execute, or permit to be authenticated and delivered, any Bonds hereunder in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained, and will not obtain the release of any property nor withdraw any cash hereunder in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained, and (b) will not suffer or permit any event to occur which would, with notice or lapse of time or both, constitute an event of default hereunder, but will faithfully observe and perform all the conditions, covenants and requirements of this Indenture.

§5.14. The Company will not, after the first authentication and delivery of Bonds of the 1978 Series hereunder, create, assume, incur or suffer to exist any mortgage, hypothec, pledge, encumbrance, charge or other lien of any kind upon, or any oil or gas payment with respect to, any of its property whether owned at the date hereof or hereafter acquired other than the lien of this Indenture and other than

(a) permitted liens,

(b) construction liens until the Initial Completion Date, and construction liens at any other time if the Company shall have deposited cash in an amount equal thereto with the Trustee,

(c) liens, pledges, or deposits permitted by the provisions of subdivisions (c), (d), (e) and (f) of Section B of Part II of Article 1, and

(d) purchase money liens, provided that

(i) at the time of first acquisition by the Company of property subject to any such purchase money lien, the maximum principal amount of outstanding indebtedness secured by such lien shall not exceed 60% of the lesser of cost or fair value of the property subject thereto, and such principal amount shall not thereafter be increased,

(ii) the aggregate of the Company's purchase money obligations at any time outstanding shall not exceed \$5,000,000,

(iii) no such purchase money lien shall extend to any other property of the Company.

The Company may modify, extend, renew or replace any purchase money lien permitted by paragraph (d) of this §5.14 upon the same property theretofore subject thereto, or modify, extend, renew or replace the indebtedness secured thereby, provided that in any such case the principal amount of such indebtedness is not increased.

§5.15. The Company will faithfully perform or cause to be performed all the terms, covenants and conditions to be performed by the mortgagor contained in any purchase money lien upon the Company's

property, but nothing contained herein shall be construed to prevent the extension or renewal of any purchase money lien or any indebtedness secured thereby.

§5.16. The Company will not sell or otherwise dispose of a part (less than substantially all) of the specifically mortgaged property except as provided in §7.02, §8.01 or §8.02 or upon the release thereof as provided in §8.03, §8.04 or §8.05. The Company will not use the proceeds of any sale or other disposition of a substantial part (less than substantially all) of the mortgaged property, constituting property other than production property, to acquire production property or make production expenditures. The Company will not sell, assign, or otherwise transfer any income producing properties subject to the specific lien hereof or any substantial part of the business, properties or assets of the Company to a subsidiary of the Company. The Company will not consolidate with or merge into, or sell or convey or otherwise dispose of or lease all or substantially all of the specifically mortgaged property as an entirety to, any other corporation except as provided in Article 13.

§5.17. The Company will, subject to the provisions of Article 13, at all times maintain its corporate existence and right to carry on business and duly procure all renewals and extensions thereof, and, subject to the provisions of this Indenture, it will diligently maintain, preserve and renew all the rights, powers, privileges and franchises owned by it.

§5.18. The Company will cause any paying agent which it may appoint to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this §5.18,

(1) that, in the case of a paying agent in Canada, it will hold all sums held by it as such agent for the payment of principal of and interest and premium, if any, on any of the Bonds, in the currency in which such principal, interest and premium (if any) are payable, for the account of the Trustee for the benefit of the holders of such Bonds or of the coupons for such interest, as the case may be;

(2) that, in the case of a paying agent in the United States, it will hold all sums held by it as such agent for the payment of principal of and interest and premium, if any, on any of the Bonds in trust, in the currency in which such principal, interest and premium (if any) are payable, for the benefit of the Trustee or the holders of such Bonds or of the coupons for such interest, as the case may be; and

(3) that it will give the Trustee notice of any failure of the Company or any other obligor upon the Bonds to make any payment of the principal of and interest and premium, if any, on the Bonds when the same shall be due and payable.

The Company covenants and agrees that, if it should at any time act as its own paying agent, it will, on or before each due date of the principal of and interest and premium, if any, on any of the Bonds, set aside and segregate and hold in trust for the benefit of the holders of such Bonds or of the coupons for such interest, as the case may be, a sum sufficient to pay such principal and interest and premium, if any, so becoming due and will notify the Trustee of any failure to take such action.

Anything in this §5.18 to the contrary notwithstanding, the Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it and any paying agent or held by any paying agent for the account of the Trustee as required by this §5.18, such sums to be held by the Trustee upon the trusts herein contained.

§5.19. So long as any of the Bonds of the 1978 Series are outstanding, the Company will not, prior to the Initial Completion Date, declare or pay any dividend or make any other distribution on any of its common shares, or purchase or redeem or otherwise acquire for a consideration any of its capital stock (excluding from such restriction and from all calculations under this §5.19 dividends paid in any common shares and capital stock purchased, redeemed or otherwise acquired to the extent that it was so acquired in exchange for or from the proceeds of the substantially concurrent issue of other capital stock, other than capital stock issued upon conversion of or in exchange for any Subordinated

Income Note, or out of contributions to the capital of the Company), or repay or purchase or redeem any of the Subordinated Income Notes or Subordinated Debentures except as permitted by §5.26 and §5.27, respectively, or make any investment in, lend money to or purchase any securities of any other corporation except (i) the purchase of Class A or Class B Common Shares of Trunk Line for not more than \$1,000,000 and (ii) loans or advances to, or purchases of the securities of, Western Pipe Lines which constitute construction costs; and the Company will not, on or after the Initial Completion Date, declare or pay any such dividend or make any such distribution, purchase, redemption, acquisition, repayment, investment or loan, except as permitted under the preceding provisions of this §5.19, if, after giving effect to such dividend, distribution, purchase, redemption, acquisition, repayment, investment or loan,

(a) the outstanding funded debt of the Company would exceed 75% of the total capitalization of the Company, provided that, for the purpose of the computation under this paragraph (a), there shall be excluded from funded debt, but not from total capitalization, all indebtedness subordinated to the Bonds as that term is defined in §5.26, and also all Subordinated Income Notes then outstanding; or

(b) the aggregate amount of (i) all dividends and distributions declared or paid on any of the Company's capital stock and the aggregate amount paid for the purchase, redemption or acquisition of any of the Company's capital stock, (ii) all interest paid or accrued by the Company, less interest charged to construction, (iii) all payments, including purchases and redemptions, in respect of principal of any Subordinated Income Notes except to the extent such payments are permitted by clauses (b) or (c) of §5.26 and all payments, including purchases and redemptions, in respect of principal of any Subordinated Debentures except to the extent such payments are permitted by clauses (c) and (d) of §5.27, (iv) all amounts invested in, loaned to or applied to the purchase of the securities of any other corporation after the Initial Completion Date, and (v) the excess, if

any, of the amount of funded debt required to be theretofore retired by the Company prior to the final maturity date thereof under the provisions of any sinking fund, purchase fund or analogous fund relating to such funded debt (including serial maturities other than final maturities) over the greater of the aggregate amount charged by the Company on its books for depreciation, depletion, amortization or other property retirement (or, if the amount so charged was not computed by the straight line method, the amount which, based on the estimated useful life used by the Company in its computations, would have been charged if the Company had applied the straight line method) or an amount equal to $3\frac{1}{2}\%$ per annum of the gross depreciable property of the Company, computed on a straight line basis, would exceed the net earnings of the Company available for interest, after (x) deducting from such net earnings provision for amortization of debt discount and expense and provision for taxes based on or measured by income or profits (adjusted as provided in the next succeeding sentence, if applicable) and, to the extent not deducted in the determination of such net earnings, amounts appropriated under any plan for extra compensation for, or pension of, officers and employees which are properly chargeable to income and usual and proper reserves which are properly chargeable to income and after (y) adding to such net earnings any net capital gain or deducting therefrom any net capital losses of the Company and (z) adding to such net earnings the amount of any interest paid out of the deposit of Can. \$6,337,503.90 and U. S. \$2,333,329.60 made by the Company with the Trustee under the Subordinated Debenture Indenture. If the amounts claimed by the Company for depreciation, depletion, amortization or other property retirement in the computation of taxes based on or measured by income or profits for the period in question shall have been computed on a basis other than a straight line basis, the provision for taxes to be deducted as provided in the preceding sentence shall be in the amount which would have been payable as such taxes if the amount claimed for depreciation, depletion, amortization or other property retirement in the computation of such taxes had been computed on a straight line basis (predicated on estimated

useful life), without regard to depreciation, depletion, amortization or other property retirement theretofore taken on any other basis.

For the purposes of this §5.19 net earnings of the Company available for interest, and the amount of interest paid or accrued by the Company, the amount of interest charged to construction and the amount charged for depreciation, depletion, amortization or other property retirement (or, if greater, an amount equal to $3\frac{1}{2}\%$ per annum of the gross depreciated property of the Company, computed on a straight line basis) shall be computed for the period from the earlier of (i) the Initial Completion Date or (ii) January 1, 1959 to the end of the calendar quarter ending within 90 days prior to the declaration of the proposed dividend or the authorization of the other proposed distribution or the date of the proposed purchase, redemption, acquisition, repayment, investment or loan, or, if such calendar quarter shall have ended within 30 days prior to the date of such proposed action, then to the end of the next preceding calendar quarter, provided that:

(A) in computing interest paid or accrued by the Company and interest charged to construction for the purposes of paragraph (b)(ii) above, interest which would be charged to construction in connection with the completion of the initial stage of pipe line development shall not be charged to construction in whole or in part with respect to any period after December 31, 1958, even though the initial stage of pipe line development shall not have been completed by that date, unless delay in such completion beyond December 31, 1958 is due to force majeure, and in that event such interest may be charged to construction only (i) if the aggregate of the amount so charged with respect to the period subsequent to December 31, 1958 and the amount of all general and administrative expenses of the Company and overhead costs (other than interest) with respect to the initial stage of pipe line development for the period subsequent to December 31, 1958 which were capitalized as permitted by paragraph (f) of the definitions of net earnings of the Company available for interest and property retirement appropriations and net earnings of the Company available for interest in Part I of Article 1

does not exceed \$5,000,000 and (ii) if and to the extent that the charging of such interest to construction is in accordance with the pertinent system of accounts prescribed by the commission or other governmental authority to whose jurisdiction the Company at the time is subject, or in the absence of such a system is in accordance with sound accounting practice;

(B) if the initial stage of pipe line development shall not have been completed by December 31, 1958, the amount to be used, from January 1, 1959 until such completion, in the computation required by paragraph (b)(v) above for depreciation, depletion, amortization and other property retirement shall be an amount equal to $3\frac{1}{2}\%$ per annum of all depreciable property owned by the Company at December 31, 1958 and acquired thereafter during the period prior to the completion of the initial stage of pipe line development, in either case as a result of the initial stage of pipe line development, even though no such deduction for depreciation would be required for such period by the system of accounts referred to above or by sound accounting practice; and

(C) in any computation made pursuant to this §5.19 for any period ending more than one year after the Initial Completion Date (or ending more than nine months after the most recent purchase of Subordinated Income Notes pursuant to the Note Purchase Agreement in respect of a Bond Interest Deficiency or a Debenture Trustee's Debenture Interest Deficiency as provided therein, if such purchase was made more than three months after the Initial Completion Date) there shall not be included in the amount of interest paid or accrued for the purposes of paragraph (b)(ii) of this §5.19 any interest which (a) as a result of the provisions of clause (A) above was not charged to construction and (b) was paid by the Trustee or by the trustee under the Subordinated Debenture Indenture with funds received by such trustees, respectively, as the purchase price of Subordinated Income Notes issued pursuant to the Note Purchase Agreement in respect of a Bond Interest Deficiency or a Debenture Trustee's Debenture Interest Deficiency.

For the purpose of this §5.19 the principal amount of funded debt of the Company outstanding and the total capitalization of the Company shall be determined as of the end of the calendar quarter through which net earnings of the Company available for interest are computed for the purpose of the computation provided for in this §5.19.

To the extent not otherwise provided in this §5.19, all determinations hereunder shall be made in accordance with the pertinent system of accounts prescribed by any commission or other governmental authority to whose jurisdiction the Company at the time is subject, or in the absence of such a system in accordance with sound accounting practice.

The Company shall not be in default under this §5.19 as to any dividend paid if at the date of declaration of such dividend the declaration thereof was not forbidden by any provision hereof and such dividend is paid within 60 days after such declaration, or as to any other action covered by this §5.19 if, at the date of authorization of such other action, such action was not forbidden by any provision hereof and such action is effected within 60 days after authorization of the same, and if also, in either case, at the time of declaration of said dividend or authorization of said action the Board of Directors of the Company believed that the payment of such dividend or the consummation of such action would be in compliance with the provisions of this §5.19.

Any stock preferred over common shares as to dividends or upon liquidation which resulted from reclassifying or otherwise converting, directly or indirectly, common shares into such stock, shall, as to the covenant contained in this §5.19, be deemed to be common shares.

§5.20. The Company will not (a) purchase or cause to be purchased at any time any Bond outstanding hereunder at a price (including accrued interest but not including brokerage charges) which is in excess of the optional redemption price applicable to such Bond at the date of purchase and accrued interest to the next interest payment date, or (b) pledge or cause to be pledged any Bond to secure any obligation if the aggregate principal amount of Bonds pledged to secure such obligation shall exceed 110% of the principal amount of such obligation, or (c) pledge as security under the Bank Credit Agreement any Bonds other than Bonds of the 1978 United States Series.

§5.21. (a) The Company has duly procured and there are in full force and effect all governmental authorizations which it is necessary for the Company to have procured at the date of execution of this Indenture in view of the stage of construction of its properties reached at that date and to enable the Company to perform its obligations under the Trunk Line Contract and the Northern Ontario Section Contract which are required to be performed at or prior to the date of execution of this Indenture. The Company will seasonably apply for and obtain all necessary additional governmental authorizations which may be required for the construction and operation of the Project through the second stage of pipe line development.

The Company will, subject to delays due to force majeure, proceed, with all reasonable speed and in a sound and economical manner, to complete the initial stage of pipe line development on or prior to November 1, 1959, or such earlier date as may be required by any applicable order of any regulatory body or governmental authority having jurisdiction, or within such further period as shall allow the Company a period in a construction season equal to the delays, if any, attributable to force majeure, but in any event by July 1, 1960. The Company will have adequate working capital at the Initial Completion Date for the operation of the Pipe Line System as then completed, but not less than \$5,000,000.

The Company will, subject to delays due to force majeure, proceed in a sound and economical manner to complete the second stage of pipe line development on or prior to November 1, 1963, or such earlier date as may be required by any applicable order of any regulatory body or governmental authority having jurisdiction, or within such further period as shall allow the Company a period in a construction season equal to the delays, if any, attributable to force majeure, but in any event by July 1, 1964.

Promptly after the rights of Niagara Gas Transmission Limited to purchase the Niagara Section pursuant to the Agreement dated December 9, 1955 between that company, The Consumers' Gas Company of Toronto, Western Pipe Lines and the Company shall have expired or been terminated, the Company will acquire from its subsidiary, Western Pipe Lines, the Niagara Section and will deliver to the Trustee, within 90 days after such acquisition, an Officers' Certificate and an Engineer's Certificate, each stating that the Niagara Section

has been acquired by the Company, and an Opinion of Counsel conforming with the requirements of paragraph (iii) of Subdivision (b) of this §5.21 but relating to the Niagara Section rather than to the initial stage of pipe line development.

(b) The Company will, within 90 days after the Initial Completion Date, deliver to the Trustee:

(i) An Officers' Certificate stating that the initial stage of pipe line development has been completed and the date of such completion; that the Project, as so completed, has an operating capacity, when operated in conjunction with the Northern Ontario Section, of not less than 300,000 MCF of natural gas per day at a pressure of 14.4 pounds per square inch absolute and a temperature of 60° Fahrenheit; that gas is being delivered by the Company, or being tendered by the Company for delivery, at points and in quantities complying with the requirements at the time of the gas sales and transportation contracts of the Company in effect at the Initial Completion Date; that the Northern Ontario Section has been leased to the Company under the Crown Corporation Lease and is then being operated by the Company in conjunction with the Project; that the pipe lines of the Company and its compressor stations and other facilities forming that part of the Project as is then completed and the Niagara Section, if theretofore acquired, have been constructed or installed on and are permanently affixed to identified tracts or parcels of land owned in fee or lands covered by identified easements, servitudes, rights-of-way, permits, licenses, leases or grants forming part of the specifically mortgaged property and described in the schedules to this Indenture or in a supplemental indenture or supplemental indentures hereto; that all payments required to be made on account of the cost of completion of the initial stage of pipe line development have been made or that a stated estimated sum, not exceeding the balance of funds then held by the Trustee to be applied pursuant to §9.03 (or, if the Niagara Section shall not then have been acquired by the Company, not exceeding the balance of such funds so held by the Trustee in excess of the amount required, as stated in said certificate, to acquire the Niagara Section) is required to be paid to complete such payment, and specifying the persons to whom payments are to be made and/or the

conditions upon which such payments are to be made; that no notices of violation of any requirement of any governmental authority have within the knowledge of the Company been filed in connection with the Project which have not theretofore been withdrawn or otherwise disposed of and which will, in the opinion of the signers of such certificate, interfere to any material extent with the ownership and operation of the Project by the Company; that there have been procured, and are in full force and effect, all such governmental authorizations as are required to be obtained to permit the Company to own or lease and to operate and maintain the Pipe Line System at its then stage of completion, and that none of such governmental authorizations is subject to any pending litigation or administrative proceedings and that, where any such is prescribed by law, the time within which any appeal from any action granting or sustaining the validity of, or within which any party may file any petition for review of, any such governmental authorizations has expired; and that the working capital of the Company is adequate for the purposes of operating the Pipe Line System to the extent so completed and is not less than \$5,000,000.

(ii) An Independent Engineer's Certificate which, except as hereinafter provided, shall be the certificate of Commonwealth Services Inc., stating that the initial stage of pipe line development has been completed and the date of such completion; that the Project, as so completed, has an operating capacity, when operated in conjunction with the Northern Ontario Section, of not less than 300,000 MCF of natural gas per day at a pressure of 14.4 pounds per square inch absolute and a temperature of 60 degrees Fahrenheit; that gas is being delivered by the Company, or being tendered by the Company for delivery, at points and in quantities complying with the requirements at the time of the gas sales and transportation contracts of the Company in effect at the Initial Completion Date; that the Northern Ontario Section has been leased to the Company under the Crown Corporation Lease and is then being operated by the Company in conjunction with the Project; that the Pipe Line System as then completed constitutes the system, at the 300,000 MCF capacity stage, contemplated by the Report of Commonwealth Services Inc. dated September 1956 entitled "Trans-Canada Pipe Lines Limited—Report on Economic

Feasibility of Proposed Natural Gas Pipe Line Project," as supplemented and amended on and prior to February 6, 1957; that the cost of completion of the initial stage of pipe line development is a stated amount and that all payments required to be made on account of such cost of completion have been made or that a stated estimated sum, not exceeding the balance of funds stated in the above mentioned Officers' Certificate, is required to be made to complete such payment, and specifying the persons to whom payments are to be made and/or the conditions upon which such payments are to be made; and that there has not been any change in the program or progress of construction or in the financial or other condition or prospects of Trunk Line since February 6, 1957 which in any way materially impairs the ability of Trunk Line to perform the Trunk Line Contract.

If the Company proposes to obtain the delivery pursuant to this subparagraph (ii) of the certificate of an independent engineer other than Commonwealth Services Inc., such other engineer shall be selected in accordance with the procedure prescribed in §9.03(B).

(iii) An Opinion of Counsel to the effect that:

(A) With respect to the property of the Company consisting of the pipe lines, compressor stations and other facilities referred to in the Officers' Certificate being furnished pursuant to §5.21(b)(i),

(i) the Company has good and marketable title in fee simple to all such property, except such as is referred to in any of paragraphs (ii), (iii) or (iv) below, subject only to permitted liens and to specified construction liens and purchase money liens of the nature and to the extent permitted by §5.14,

(ii) with respect to any of such property as consists of easements, servitudes or rights-of-way and improvements thereon constructed by the Company, such easements, servitudes and rights-of-way have been duly obtained by the Company and are good and valid and the Company has good title to the improvements thereon constructed by the Company, subject only to permitted liens and to specified construction

liens and purchase money liens of the nature and to the extent permitted by §5.14,

(iii) with respect to any of such property as consists of leasehold property (other than such as is referred to in paragraph (iv) below) and improvements thereto installed thereon by the Company, the lease thereof has been duly obtained by the Company and is a good and valid lease and the lessor has not the right upon the expiration or other termination of such lease to take over the property of the Company installed by it on such leasehold lands without payment of fair consideration therefor, subject only to permitted liens and to specified construction liens and purchase money liens of the nature and to the extent permitted by §5.14, and

(iv) with respect to any of such property as consists of pipe lines, pipe line equipment, or similar structures which are located or constructed on, over or under public highways, rivers or other public property, or located or constructed on and carried across any highway, railway, irrigation ditch, underground telegraph, telephone or electric power line or pipe line in respect of which the Company does not hold a valid easement, servitude or right-of-way as set out in paragraph (ii) above, the Company has the lawful right under permits, orders, leases or franchises granted or made by a governmental body or authority having jurisdiction in the premises or by the law of Canada or of the Province in which such property is located to maintain and operate such pipe lines, equipment or structures for an unlimited, indeterminate or indefinite period of time, or for the period, if any, specified in such permit, order, lease, franchise or law, and, in the case of such pipe lines, equipment or structures located or constructed on, over or under public highways, rivers or other public property, is entitled under such permit, order, lease, franchise or law or otherwise to remove such pipe lines, equipment or structures at the expiration of the period covered by such permit, order, lease, franchise or law or that the terms of such permit, order, lease, franchise or any applicable provision of law require any governmental body or public authority having the right to take

over such pipe lines, equipment or structures to pay fair consideration therefor;

(B) the Crown Corporation Lease is a valid and subsisting lease entitling the Company to hold and operate and to purchase on the terms set out in such lease the Northern Ontario Section and that such lease has been duly registered in such manner and in such places as, in the opinion of such counsel, may be of material advantage in preserving and protecting the security created by this Indenture and the rights of the Bondholders and the Trustee hereunder;

(C) the Indenture constitutes a legal and valid first fixed and specific mortgage hypothec pledge or charge upon the properties of the nature covered by Section A of the Granting Clauses which have been constructed or acquired for completion of the initial stage of pipe line development and which form part, or have been affixed or installed as part, of the Project, subject only to permitted liens and to specified construction liens and purchase money liens of the nature and to the extent permitted by §5.14; and

(D) the Company has corporate power to own, operate and maintain the Project as completed at the Initial Completion Date, and there have been procured, and are in full force and effect, all such governmental authorizations as are required to be obtained to permit the Company to own or lease and to operate and maintain the Pipe Line System at its then stage of completion, that none of such governmental authorizations is subject to any pending litigation or administrative proceedings and that, where any such is prescribed by law, the time within which any appeal from any action granting or sustaining the validity of, or within which any party may file any petition for review of, any such governmental authorization, has expired.

Such Opinion of Counsel shall be accompanied by certified copies of all governmental authorizations relied upon to the extent they have not theretofore been filed with the Trustee.

(c) The Company will, within 90 days after the Compressor Station Completion Date, deliver to the Trustee:

(i) An Officers' Certificate stating that the second stage of pipe line development has been completed and the date of such completion; that the Project, as so completed and as then being operated in conjunction with the Northern Ontario Section, has an operating capacity of not less than 570,000 MCF of natural gas per day at a pressure of 14.4 pounds per square inch absolute and a temperature of 60° Fahrenheit; that gas is being delivered by the Company, or is being tendered by the Company for delivery, at points and in quantities complying with the requirements at the time of the gas sales and transportation contracts of the Company in effect at the Compressor Station Completion Date; and that the compressor stations and other facilities of the Company forming the second stage of pipe line development have been constructed or installed on and are permanently affixed to identified tracts or parcels of land owned in fee or lands covered by indentified easements, servitudes, rights-of-way, permits, licenses, leases or grants forming part of the specifically mortgaged property and described in the schedules to this Indenture or in a supplemental indenture or supplemental indentures hereto.

(ii) An Independent Engineer's Certificate stating that the second stage of pipe line development has been completed and the date of such completion; that the Project, as so completed and as then being operated in conjunction with the Northern Ontario Section, has an operating capacity of not less than 570,000 MCF of natural gas per day at a pressure of 14.4 pounds per square inch absolute and a temperature of 60° Fahrenheit; that gas is being delivered by the Company, or is being tendered for delivery by the Company, at points and in quantities complying with the requirements at the time of the gas sales and transportation contracts of the Company in effect at the Compressor Station Completion Date; and that the cost of completion of the second stage of pipe line development is a stated amount.

(iii) An Opinion of Counsel covering, with respect to the compressor stations and other facilities of the Company referred to in the Officers' Certificate being furnished pursuant to §5.21 (c)(i), the matters referred to in §5.21(b)(iii)(A), (B) and (C).

(d) If the program for completion of the initial stage of pipe line development shall be abandoned for any reason, or if the initial stage of pipe line development shall not be completed by November 1, 1959, or such earlier date as may be required by any applicable order of any regulatory body or governmental authority having jurisdiction, or within such further period as shall allow the Company a period in a construction season equal to the delays, if any, with respect to the initial stage of pipe line development attributable to *force majeure*, but in any event by July 1, 1960, or if the program for the completion of the second stage of pipe line development shall be abandoned for any reason, or if the second stage of pipe line development shall not be completed by November 1, 1963, or such earlier date as may be required by any applicable order of any governmental body having jurisdiction, or within such further period as shall allow the Company a period in a construction season equal to the delays, if any, attributable to *force majeure*, but in any event by July 1, 1964, the Trustee may in its discretion complete the initial stage of pipe line development and cause the Company to purchase the Niagara Section, if then owned by Western Pipe Lines, or complete the second stage of pipe line development, as the case may be, and for such purposes the Trustee may in its absolute discretion make any and all necessary contracts with contractors or construction engineers for work, labor or materials in the name of the Company, and may sign the name of the Company as its attorney in fact, hereby irrevocably appointed by the Company for such purposes, to any and all papers and documents necessary in and about the work of completing the initial or second stages of pipe line development or purchasing the Niagara Section, or, at the election of the Trustee in its sole discretion, the Trustee may make any such contracts in the name of the Trustee and may, but shall not be obligated so to do, at any time pay out of cash received by the Trustee pursuant to §4.02 any outstanding bills, liabilities or indebtedness incurred by the Company or by the Trustee on behalf of the Company or in the name of the Trustee or may make up any deficiencies in connection with any contract made or liability incurred or assumed by the Company or by the Trustee as aforesaid, regardless of whether or not any mechanic's lien is filed in relation thereto. The Company further agrees, upon demand, to pay to the Trustee any sums, advances or expenses made or expended by the Trustee in accordance with the provisions of this §5.21, and for reimburse-

ment of such payments the Trustee shall have a lien as provided in §14.01(a). Nothing herein contained shall require the Trustee to do or perform, or cause to be done or performed, any work in relation to the completion of the initial or second stages of pipe line development or other work or to expend any moneys therefor or for the acquisition of the Niagara Section or for any other purposes in this §5.21 mentioned, or to do any other act or thing, unless, to the extent that the moneys so to be expended exceed the amount available therefor in the trust estate representing cash received by the Trustee pursuant to §4.02, there shall be first made available to it any moneys so to be expended equal to such excess, and unless the Trustee shall have received a request in writing from the holders of a majority in principal amount of the Bonds then outstanding, specifying in reasonable detail the action to be taken or performed, and shall have been tendered security satisfactory to the Trustee for its compensation and expenses, including fees of counsel, and shall have been indemnified to its satisfaction from time to time against all loss, costs, expenses or damages in respect thereof; provided, however, that the Trustee shall be under no obligation to do any act beyond its corporate powers or not authorized by the laws of the jurisdiction in which it is incorporated or in which such act is to be done or to do any act not permitted by law. The Trustee shall not be personally liable for any obligation assumed in completing the initial or second stages of pipe line development or in acquiring the Niagara Section or for any act or omission by any contractor or other person selected by it. Any such contractor shall look only to the Company as the party responsible on any contract made by the Trustee. On the selection of any contractor, the Trustee may (but need not) request advice from any holders of the Bonds, and in such case the selection of such contractor by the holders of a majority in principal amount of the Bonds outstanding shall govern.

(e) Notwithstanding any provisions of this §5.21, in the event that the initial stage of pipe line development shall not have been completed by November 1, 1959, or such earlier date as may be required by any applicable order of any regulatory body or governmental authority having jurisdiction or within such further period as shall allow the Company a period in a construction season equal to the delays, if any, attributable to *force majeure*, but in any event by July 1, 1960, the Trustee shall, upon delivery to it of the written request of the holders

of all of the Bonds then outstanding, apply all of the unexpended balance of the funds held by the Trustee and received pursuant to §4.02 and any other moneys then held as part of the trust estate toward the payment of the principal amount of the Bonds then outstanding and accrued interest thereon to the date of payment.

§5.22. Subject to delays resulting from disputes in good faith and to adverse claims of third parties, the Company will promptly pay its suppliers for all gas purchased by it in accordance with the provisions contained in any gas purchase contracts pledged or covenanted to be pledged hereunder and will comply with all other covenants and conditions on its part to be performed under the terms of such contracts.

§5.23. (a) On or before October 1, 1959 and each April 1 and October 1 thereafter to and including April 1, 1964, if any Bonds of the 1978 Series are at the time outstanding, the Company will deposit with the Trustee an amount in cash equal to the excess of (i) the greater of the amount charged by the Company on its books for depreciation, depletion, amortization or other property retirement (or, if the amount so charged was not computed by the straight line method, the amount which, based on the estimated useful life used by the Company in its computations, would have been charged if the Company had applied the straight line method) or an amount equal to $1\frac{3}{4}\%$ per six months of the gross depreciable property of the Company, computed on a straight line basis, for the six months' period ended on the December 31 or June 30 next preceding the April 1 or October 1 with respect to which such deposit is made over (ii) the principal amount of Bonds of any series which, during said six months' period, were paid by the Company upon any serial maturity thereof other than a final maturity date or retired by the Company by operation of, or applied as a credit against, any sinking, purchase or analogous fund therefor, including any provisions for the acceleration thereof similar to the provisions of §3.09 (computing the principal amount of Bonds so paid, retired or credited by converting into Canadian currency the principal amount of such Bonds which were payable in United States currency as of a date within 20 days prior to the date of deposit of such cash with the Trustee). If the initial stage of pipe line development shall not have been completed by December 31, 1958, the amount

to be used in the computation of depletion, depreciation, amortization or other property retirement for any period prior to the Initial Completion Date shall be an amount equal to $1\frac{3}{4}\%$ per six-months of all depreciable property owned by the Company at December 31, 1958 and acquired thereafter prior to the Initial Completion Date, in either case as a result of the initial stage of pipe line development, even though no such deduction for depreciation would be required for such period by the system of accounts prescribed by any commission or other governmental authority to whose jurisdiction the Company may be subject or by sound accounting practice.

On or before April 1, 1965 and each April 1 thereafter so long as any Bonds of the 1978 Series remain outstanding, the Company will deposit with the Trustee an amount in cash equal to the excess of (i) the greater of the amount charged by the Company on its books for depreciation, depletion, amortization or other property retirement (or, if the amount so charged was not computed by the straight line method, the amount which, based on the estimated useful life used by the Company in its computations, would have been charged if the Company had applied the straight line method) or an amount equal to $3\frac{1}{2}\%$ per annum of the gross depreciable property of the Company, computed on a straight line basis, for the twelve months' period ended on the next preceding December 31 over (ii) the principal amount of Bonds of any series which, during said twelve months' period, were paid by the Company upon any serial maturity thereof other than a final maturity date or retired by the Company by operation of, or applied as a credit against, any sinking, purchase or analogous fund therefor, including any provisions for the acceleration thereof similar to the provisions of §3.09 (computing the principal amount of such Bonds as provided in the preceding paragraph).

Cash deposited with the Trustee under this §5.23 shall be held and applied by the Trustee as a part of the trust estate and may be withdrawn only in accordance with §9.08. The obligation to deposit cash under this §5.23 is subject to the right of the Company to a credit against such deposit as provided in Subdivision (b) below. Each deposit under this §5.23 shall be accompanied by an Officer's Certificate showing in reasonable detail the method of computing the amount of such payment, including the method of converting the principal amount of Bonds payable in United States currency.

Payments received by the Trustee at any time as the purchase price of Subordinated Income Notes issued pursuant to the Note Purchase Agreement in respect of a Depreciation Fund Deficiency as therein provided shall satisfy, in whole or to the extent of such payments, the obligation of the Company to deposit cash on the April 1 or October 1 following the date of receipt thereof by the Trustee.

(b) The amount of cash required to be deposited pursuant to Subdivision (a) of this §5.23 may, at the election of the Company, be reduced by an amount equivalent to the amount of cash which could at the time be withdrawn pursuant to §9.01 by simultaneous compliance therewith, except that (i) any certificates required to be filed with the Trustee pursuant to §9.01 shall refer to the reduction of cash required to be deposited rather than to the withdrawal of cash, and (ii) the Engineer's Certificate required by subdivision (b)(i) of §9.01 shall show that the gross property additions included in such certificate have been purchased, constructed, acquired or expended by the Company within or prior to the six months' period or the twelve months' period in respect of which the payment so reduced has been computed.

§5.24. The Company will deliver to the Trustee, prior to March 1 in each calendar year, beginning with the year 1958, an Officers' Certificate stating whether or not, to the knowledge of the signers, the Company is in default in the performance of any covenant, agreement or condition contained in this Indenture and, if so, specifying each such default of which the signers may have knowledge.

§5.25. At the date of the first authentication and delivery of Bonds hereunder the funded debt of the Company will not exceed 75% of its total capitalization, and after that date the Company will not create, assume or otherwise incur any funded debt if immediately thereafter the funded debt of the Company would be in excess of 75% of the total capitalization of the Company. For the purposes of this §5.25, (1) indebtedness subordinated to the Bonds as that term is defined in §5.26 and (2) Subordinated Income Notes shall not be regarded as funded debt but shall be included in total capitalization.

§5.26. So long as any of the Bonds of the 1978 Series are outstanding, the Company will not, directly or indirectly, purchase or redeem or

pay the principal of, or otherwise discharge or acquire for a consideration, any of the Subordinated Income Notes otherwise than (a) with funds which would otherwise be available for the payment of dividends on the common shares of the Company in conformity with the provisions of §5.19, (b) from the proceeds of the substantially concurrent sale of, or in exchange for, common shares or preferred shares of the Company or (c) from the proceeds of the sale of securities of the Company representing indebtedness subordinated to the Bonds. The foregoing restriction shall not affect the right of the Company to make adjustments in cash or scrip upon the conversion of the Subordinated Income Notes in lieu of issuing fractional common shares. The term "indebtedness subordinated to the Bonds" as used in this §5.26 and in §5.19 and §5.25 shall mean unsecured indebtedness for money borrowed on which interest is payable only to the extent earned and which by its terms shall become due and payable not earlier than January 1, 1987 and has no mandatory sinking funds, fixed or contingent, and which is subordinated to and subject in right to the prior payment in full of the interest on and principal of the Bonds substantially to the same extent as is provided with respect to the Subordinated Debentures by the terms of the Subordinated Debenture Indenture in the form in which it is in effect at the date of execution and delivery of this Indenture.

§5.27. So long as any of the Bonds of the 1978 Series are outstanding, the Company will not, directly or indirectly, purchase or redeem or pay the principal of or otherwise discharge or acquire for a consideration, any of the Subordinated Debentures otherwise than (a) pursuant to the terms of the sinking fund provided for in Article 6 of the Subordinated Debenture Indenture, (b) with funds which would otherwise be available for the payment of dividends on the common shares of the Company in conformity with the provisions of §5.19, (c) from the proceeds of the substantially concurrent sale of common shares or preferred shares of the Company or (d) from the proceeds of the sale of securities of the Company representing indebtedness subordinated to the Bonds. The term "indebtedness subordinated to the Bonds", as used in this §5.27, shall mean unsecured indebtedness for money borrowed which by its terms shall become due and payable not earlier than January 1, 1987 and which is subordinated to and subject in right to the prior payment in full of the interest on and principal of

Section 5.28

Section 5.29

Section 5.30

Section 5.31

the Bonds substantially to the same extent as is provided with respect to the Subordinated Debentures by the terms of the Subordinated Debenture Indenture in the form in which it is in effect at the date of execution and delivery of this Indenture.

So long as any Bonds of the 1978 Series are outstanding, the Company will not make or consent to any change in the subordination provisions of the Subordinated Debenture Indenture or make any other change in such Indenture which might adversely affect the rights of the holders of Bonds of the 1978 Series.

§5.28. The Company will (1) cause all executed counterparts which now are or hereafter may be in the possession of the Company of all contracts described in Part Two of the Second Schedule of this Indenture and of any other contracts required by Article 7 to be specifically mortgaged under this Indenture and any amendments or supplements to such contracts, to be clearly marked that they are mortgaged and pledged hereunder, (2) promptly give notice of such mortgage and pledge to all parties to such contracts, (3) keep its records and books of account in such manner as to give adequate notice to any person examining the same that such contracts are mortgaged and pledged hereunder, and (4) state that said contracts are mortgaged and pledged hereunder in an appropriate legend on or footnote to all its financial statements which it prepares and makes available to any other person.

§5.29. The Company will make no deposit in any branch of any bank situate in any Province of Canada wherein the Company shall not be at the time of making such deposit carrying on business and duly qualified so to do in such Province.

§5.30. For not less than 90 consecutive days in any 18 months' period beginning after the Initial Completion Date the Company will have no outstanding indebtedness for borrowed money other than funded debt and the Subordinated Debentures.

§5.31. If and when at any time after execution and delivery of this Indenture it shall be required by law that this Indenture be qualified under the United States Trust Indenture Act of 1939 as in force at the date of execution hereof, the Company will cause this Indenture

to be supplemented and amended, by a supplemental indenture executed by the Company and the Trustee, in all respects necessary to permit such qualification and will promptly take all steps necessary to obtain the qualification of this Indenture under said Act.

§5.32. The recitals of fact and statements contained in this Indenture are true.

ARTICLE 6.

Redemption of Bonds.

§6.01. The Bonds of the 1978 Series shall be redeemable as provided in Article 3 and this Article 6. With respect to each other series of Bonds, the Company may reserve the right to redeem before maturity all or any part of the Bonds of such series at such time or times and from time to time, and on such other terms consistent with the provisions of this Article 6, as the Board of Directors may determine and as shall be expressed in the Bonds of such series or in the supplemental indenture creating such series.

In case the Company shall desire to exercise such right to redeem all or any part of the Bonds of any series, as the case may be, in accordance with the right reserved so to do, it shall give, in the manner hereinafter provided in this §6.01 with respect to the Bonds of the 1978 Series or in the applicable manner provided in the supplemental indenture creating the Bonds of any other series or expressed in such Bonds, a notice or notices to the effect that the Company has elected to redeem all or a portion of the Bonds of a specified series, as the case may be, on a date therein designated, specifying the serial designation of the Bonds to be redeemed, and, unless all the Bonds of a series or all the Bonds of one or more serial maturities then outstanding are to be redeemed, specifying the numbers of the Bonds to be redeemed, in whole or in part, and in every case stating that on said date there will become due and payable upon each Bond so to be redeemed, at the agency of the Company for that purpose in the city or cities at which the principal of the Bonds so to be redeemed is payable, the specified amount of the principal thereof, together with the accrued interest to such date and such premium, if any, as is pro-

vided for in such Bonds, and that from and after such date interest thereon will cease to accrue. If notice by publication, if required, is duly given, failure to give notice by mail, if required, with respect to such redemption or any defect therein or in the mailing thereof shall not affect the validity of the proceedings for the redemption of any Bonds so to be redeemed.

Notice of redemption of any of the Bonds of the 1978 Series shall be given by the Company by publication once in each of two separate calendar weeks in one authorized newspaper in each of the Cities of Montreal, Toronto and New York, the first of such publications to be not more than 60 days and not less than 30 days prior to the redemption date, and, if any of the Bonds of the 1978 Series to be redeemed are registered Bonds, similar notice shall be sent by the Company through the mails, postage prepaid, at least 30 days and not more than 60 days prior to the redemption date, to the registered owners of such Bonds at their addresses as the same shall appear on the transfer register of the Company; provided, however, that if all the Bonds of the 1978 Series at the time outstanding shall be registered Bonds, then such notice by publication shall not be required.

In case the Company proposes to redeem all or any portion of the outstanding Bonds of any series (whether in the exercise of any privilege of redemption at the option of the Company or in order to meet the requirements of any sinking, amortization, purchase or other analogous fund), it shall, in each such instance, not less than 10 business days prior to the date on which notice of such redemption is to be given, file an Officers' Certificate with the Trustee, stating the Company's intention to effect such redemption and specifying the redemption date and the aggregate principal amount of the Bonds of such series to be called for redemption, and, if such call is to be made with respect to a sinking fund installment, specifying the sinking fund installment with respect to which such call is to be made. Thereupon, if less than all the outstanding Bonds of any series or less than all the outstanding Bonds of one or more serial maturities are to be called for redemption, the Trustee shall, in the manner hereinafter in this §6.01 provided with respect to the Bonds of either of the 1978 Series or in the applicable manner provided in the supplemental indenture creating the Bonds of any other series, determine the Bonds or portions thereof to be redeemed and promptly notify the Company in writing of the numbers

of such Bonds to be redeemed and, if less than the entire principal amount of any Bond is to be redeemed, the portion of such Bond to be redeemed. Any determination by lot under this §6.01 shall be made in such manner as the Trustee in its uncontrolled discretion shall deem appropriate and fair. In the discretion of the Trustee, the Bonds of a particular series to be redeemed by lot may be drawn (a) individually or (b) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than \$1,000, by the numbers assigned thereto as hereinafter provided) which end in the same digit or digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. For the purpose of any drawing the Trustee shall assign a number for each \$1,000 principal amount of each Bond of a denomination of more than \$1,000. In case of any drawing by groups, any notice of redemption (except in the case of Bonds of a denomination of more than \$1,000) need specify only the final digit or final digits of the serial numbers of the Bonds of the particular series to be redeemed.

In case of the redemption of less than all of the Bonds of the 1978 United States Series and less than all of the Bonds of the 1978 Canadian Series at any particular time outstanding (whether in the exercise of any privilege of redemption at the option of the Company or in order to meet the acceleration requirements of the sinking fund or pursuant to any other provisions of the Indenture other than §3.08), the aggregate principal amount of Bonds of the two series to be redeemed shall be prorated between the Canadian Series Bonds and the United States Series Bonds in proportion to the total principal amount of Bonds of the respective series at any time theretofore outstanding, but with or without adjustment for then prevailing rates of exchange as the Trustee shall think fair and equitable and subject to such other adjustments due to the different currencies in which Bonds of the two Series are payable as the Trustee in its discretion shall determine.

In case of the redemption of less than all of the outstanding Bonds of the Canadian Series or less than all of the outstanding Bonds of the United States Series, the principal amount of Bonds of the

respective Series to be redeemed shall be prorated among the registered owners of the Bonds of said Series in the proportion that their respective holdings bear to the aggregate principal amount of Bonds of said Series outstanding on the date of selection, except that if coupon Bonds of said Series not registered as to principal shall be outstanding, then the bearers of such coupon Bonds shall be entitled to share in the redemption moneys applicable to Bonds of such Series in the proportion that the total principal amount of such coupon Bonds bears to the aggregate principal amount of all Bonds of said Series outstanding at the time of selection. The particular coupon Bonds of the respective Series not registered as to principal to be so redeemed shall be determined by lot, and the balance of the Bonds of said Series to be redeemed shall be determined as provided above in this paragraph.

The portion of any registered Bond without coupons of the 1978 Series to be redeemed shall be in the principal amount of \$1,000, or a multiple thereof, and such allocations as may be requisite for this purpose shall be made by the Trustee in its uncontrolled discretion.

§6.02. Publication of notice of redemption, where required, having been completed, or where no publication is required, notice of redemption having been mailed, the Bonds designated for redemption or the specified portion thereof shall become due and payable upon the date specified in the notice provided for in §6.01 as the redemption date at the applicable redemption price at the time and accrued interest to such redemption date. Payment of such Bonds shall be made to the respective bearers of the Bonds designated for redemption, except that, in the case of any such Bonds which are registered Bonds, such payment shall be made to the respective registered owners thereof, upon surrender of such Bonds, at the place stated in the notice of redemption, together, in the case of coupon Bonds, with all unmatured coupons appertaining thereto. If there shall be selected for redemption a portion but less than the entire principal amount of any Bond, the Company shall execute and the Trustee shall authenticate and deliver without charge to the holder thereof, at his option, either coupon Bonds or registered Bonds without coupons, of authorized denominations and of the same series and maturity for the unredeemed balance of the principal amount of such Bond, payable in the same currency as such

Bond; provided that in the case of any registered Bond without coupons, at the option of the holder thereof, the Trustee shall, upon presentation of such Bond for the purpose, make a notation thereon of the payment of the portion thereof so called for partial redemption.

§6.03. The Company covenants and agrees that in any case where the first publication of the notice of redemption shall have been made, or, where publication is not required, the notice of redemption shall have been mailed, the Company will on or before the redemption date deposit with the Trustee or one or more of the paying agents an amount of cash, in the appropriate currency or currencies, sufficient to effect the redemption of the Bonds specified in such notice, or, as authorized by §9.07 and §9.08, it may direct the Trustee to apply to such purpose, to the extent that they are available, any moneys held by the Trustee which may be so applied pursuant to said §9.07 and §9.08, and from and after the redemption date designated in such notice (such deposit having been made or direction given, as aforesaid), notwithstanding that any Bonds so called for redemption shall not have been surrendered for cancellation, no further interest shall accrue upon the principal of any of the Bonds so called for redemption, such Bonds, or the portion thereof to be redeemed, shall no longer be deemed to be outstanding and shall cease to be entitled to the lien, benefits or security of this Indenture, and all coupons for interest thereon maturing subsequent to such redemption date shall be void. Coupons which have matured on or before such redemption date shall remain payable to bearer upon presentation and surrender thereof in accordance with their terms.

Moneys deposited by the Company with the Trustee or any paying agent under the provisions of this Article 6 for the redemption of any Bonds issued hereunder shall be held by the Trustee or such paying agent for the account of the respective holders of the Bonds to be redeemed and shall be paid to them respectively upon presentation and surrender of such Bonds with all unmatured coupons appertaining thereto or shall be paid to the Company pursuant to §9.09.

§6.04. All Bonds and coupons redeemed and paid under this Article 6 shall forthwith be delivered to the Trustee and cancelled. The Trustee shall, on demand of any paying agent (including the Company

if it shall be acting as its own paying agent) and upon any such surrender of any Bond for cancellation, make payment of the amounts deposited with it with respect to the redemption of such Bond so surrendered.

§6.05. If the amount necessary to redeem any Bonds called for redemption as aforesaid shall have been deposited with or shall otherwise be held by the Trustee or any paying agent, in the appropriate currency or currencies, for the account of the holders of such Bonds on or before the date specified for such redemption, and either the notice provided for in respect of the redemption of such Bonds shall have been duly given by the Company or provision satisfactory to the Trustee shall have been made for the giving of such notice or irrevocable authorization shall have been given by the Company to the Trustee to give such notice, such Bonds and coupons, if any, appertaining thereto shall, for the purposes of release and satisfaction of this Indenture, be deemed to have been redeemed from the holders thereof and paid.

§6.06. In case any question shall arise (other than any question as to whether a default shall have occurred) as to whether proper and sufficient action shall have been taken for the redemption of Bonds, the question shall be decided by the Trustee, and the decision of the Trustee shall, subject to §14.02, be final and binding upon all parties in interest.

In the event that, pursuant to the terms of this Indenture, Bonds are at any time required to be redeemed through the application of funds in the trust estate, the Trustee may, without any notice or communication from the Company, select the Bonds (or portions thereof) so to be redeemed, give the notice or notices of redemption thereof in the name and on behalf of the Company, and provide for the payment thereof out of funds in the trust estate, all in accordance with and in the manner provided in this Article 6, except that no action of the Company need be taken in connection therewith. If, however, the Company shall give the Trustee any notice or request in connection with such redemption, the Trustee shall comply with such request to the extent consistent with this Article 6.

ARTICLE 7.

Concerning Securities Held by the Trustee and Contracts and Leases Assigned to the Trustee.

§7.01. All purchase money obligations which shall be received by the Trustee pursuant to §8.03 shall be held as a part of the trust estate. Interest received by the Trustee on such obligations shall, so long as the Company is not in default hereunder, be paid over to the Company. All moneys received by the Trustee as principal of such obligations shall be applied by the Trustee as a part of the trust estate. Such obligations held by the Trustee may be released pursuant to §8.03.

§7.02. (a) The Company covenants that, subject to the provisions of Article 13, it will from time to time, in each case as soon as reasonably practicable, pledge and mortgage with the Trustee hereunder, as further security for the Bonds, all its right, title and interest (i) under, in and to any and all contracts now existing or hereafter entered into by the Company with any person or persons for the purchase or acquisition of gas by the Company (other than such contracts where the maximum quantity of gas which the Company is required to purchase thereunder does not exceed 1,800,000 MCF per annum except as hereinbelow provided), or for the sale of natural gas or natural gas products or for the transportation of gas by the Company (other than such contracts where the minimum quantity of gas to be sold or transported thereunder does not exceed 1,000,000 MCF per annum except as hereinbelow provided), (ii) under, in and to the Crown Corporation Lease, (iii) under, in and to the Northern Ontario Section Contract, the Trunk Line Contract and any and all contracts now existing or hereafter entered into by the Company with Crown Corporation, Trunk Line or the Canadian Government, (iv) under, in and to any and all oil or gas leases and interests therein now existing or hereafter entered into by the Company, and (v) under, in and to any and all contracts or leases or interests therein hereafter entered into by the Company which shall be supplemental to, or in renewal, extension or amendment of, or in substitution or replacement for, any contract or lease or interest therein at the time subject to the specific lien hereof; provided that the aggregate maximum quantity of gas which the Company is required to

purchase annually under gas purchase contracts not subject to the specific lien of this Indenture (taken in order from the contract providing for the smallest annual quantity upward) shall not at any time exceed 10% of the total maximum quantity of gas which the Company shall then have a contract right to purchase annually, and the aggregate minimum quantity of gas to be sold or transported by the Company under gas sales and transportation contracts not subject to the specific lien of this Indenture (taken in order from the contract providing for the smallest annual quantity upward) shall not at any time exceed 10% of the total minimum quantity of gas to be sold or transported by the Company annually under all the gas sales and transportation contracts then in effect. Nothing herein contained shall require the Company to deposit with the Trustee executed counterparts of any such contracts or leases or interests therein now or hereafter pledged or mortgaged with the Trustee, unless requested to do so in writing by the Trustee, or unless such deposit is necessary to the validity of such pledge or mortgage, if the Company deposits with the Trustee copies thereof, certified by the Secretary or an Assistant Secretary of the Company to be true and correct copies of the originals thereof. The Trustee shall be under no duty to ascertain whether any deposit of executed counterparts of any such contracts or leases or interests therein is necessary to the validity of the pledge or mortgage thereof. The Company will cause due notice of the pledge and mortgage of all leases and interests therein and contracts required to be pledged and mortgaged hereunder to be given to all persons to whom such notice is required to be given.

(b) Until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, the Company shall be entitled to collect and retain, free from the specific lien hereof, all sums due under, and to receive and dispose of all oil and gas deliverable under, any of the contracts and leases and interests therein subject to the specific lien hereof and to require and enforce the performance of any and all such contracts and leases and interests therein, without further consent of or action by the Trustee, and the Trustee shall, if the Company shall so request in an Officers' Certificate filed with the Trustee, deliver to the Company suitable orders in favour of the Company or its nominee or nominees for the payment of all sums, delivery of all oil or gas and the perform-

ance of all acts and things under such contracts and leases and interests therein. Such orders shall be expressed to be revocable by the Trustee. If the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, the Trustee, or any receiver or receiver and manager or other person who shall rightfully be in possession of the trust estate, may collect and retain all sums due under, receive and dispose of all oil or gas deliverable under, and require and enforce the performance of, any and all such contracts and leases and interests therein.

(c) No gas sales contract subject to the specific lien hereof may be modified or amended to reduce prices to any consumer in such manner as to cause any additional amounts to become payable by the Company under any of its gas purchase contracts, whether or not subject to the specific lien hereof, and the consent of the Company may not be given to any assignment of a gas sales or gas purchase contract subject to the specific lien of this Indenture which shall relieve any other party to any such contract of its obligations thereunder other than an assignment pursuant to a consolidation, amalgamation, merger or sale involving the transfer of assets of such other party as an entirety or substantially as an entirety to a successor corporation which shall have assumed all the obligations and liabilities of such other party under such gas sales or purchase contract, but, subject to the foregoing restrictions and so long as no event of default shall have occurred and be continuing, the Company shall have the right to modify, amend, extend or replace any gas purchase, sale or transportation contract or any gas products sale contract subject to the specific lien hereof; provided, however, that the Company shall forthwith pledge and mortgage with the Trustee its right, title and interest under, in and to any such modified, amended or extended contract or any contract entered into in replacement, shall pledge and mortgage with the Trustee any property received by the Company as consideration for such modification, amendment, extension or replacement, and shall pay to the Trustee any money received by the Company as consideration for such modification, amendment, extension or replacement to be held as part of the trust estate; and provided, further, that, except in the case of amendments or modifications to any of such contracts in immaterial respects, the Company shall forthwith file with the Trustee (i) an Opinion of Counsel to the effect that the modified, amended or extended

contract or the new contract entered into in replacement constitutes a duly authorized, valid and binding agreement and that, in the opinion of such counsel, all conditions precedent to the modification, amendment, extension or replacement, which conditions precedent are provided for in this Indenture have been complied with, (ii) an Officers' Certificate setting forth the substance of any such modification, amendment or extension and stating that in the opinion of the signer all conditions precedent to the modification, amendment, extension or replacement, which conditions precedent are provided for in this Indenture have been complied with and (iii) an Engineer's Certificate stating that, in the opinion of the signers, the modification, amendment, extension or replacement is desirable in the business of the Company and is not in any manner prejudicial to the Bondholders. In the event of any modification or amendment (except in immaterial respects) or any replacement of (i) a gas purchase contract with an affiliate or with a Related Company, (ii) a gas purchase contract under which the maximum quantity of gas which the Company is then required to purchase exceeds 10,000,000 MCF per annum or (iii) a gas sales contract under which the minimum quantity of gas then required to be sold exceeds 15,000,000 MCF per annum, then the certificate to be filed with the Trustee pursuant to clause (iii) of the preceding sentence shall be an Independent Engineer's Certificate.

(d) The Crown Corporation Lease, the Northern Ontario Section Contract and the Trunk Line Contract may not be cancelled, terminated or abandoned, but, subject to the foregoing restrictions and so long as no event of default shall have occurred and be continuing, the Company shall have the right to modify or amend the Crown Corporation Lease, the Northern Ontario Section Contract and the Trunk Line Contract or to extend the dates of termination or expiration of such Lease or such Contracts; provided, however, that the Company shall forthwith pledge and mortgage with the Trustee its right, title and interest under, in and to any such modified, amended or extended Lease or Contract, shall pledge and mortgage with the Trustee any property received by the Company as consideration for such modification, amendment or extension, and shall pay to the Trustee any money received by the Company as consideration for such modification, amendment or extension to be held as part of the trust estate; and provided, further, that the Company shall forthwith file with the Trustee (i) an Opinion of

Counsel to the effect that the modified, amended or extended Lease or Contract constitutes a duly authorized, valid and binding agreement and that, in the opinion of such counsel, all conditions precedent to the modification, amendment or extension, which conditions are provided for in this Indenture have been complied with, (ii) an Officers' Certificate setting forth the substance of any such modification, amendment or extension and stating that in the opinion of the signer all conditions precedent to such modification, amendment or extension, which conditions are provided for in this Indenture have been complied with and (iii) an Engineer's Certificate stating that in the opinion of the signer the modification, amendment or extension is desirable in the business of the Company and is not in any manner prejudicial to the Bondholders. In the event of any modification or amendment (except in immaterial respects) of such Lease or either of such Contracts, the Certificate to be filed with the Trustee pursuant to clause (iii) of the preceding sentence shall be an Independent Engineer's Certificate.

(e) So long as no event of default shall have occurred and be continuing, the Company shall have the right, on the conditions set forth in this Subdivision (e), to modify, amend, extend, terminate, surrender, cancel, abandon or reassign to the assignor any lease (other than the Crown Corporation Lease) or interest therein subject to the lien hereof; provided, however, that, with respect to any lease or interest therein subject to the specific lien of this Indenture, the Company shall forthwith pledge and mortgage with the Trustee its right, title and interest under such lease or interest therein as so modified, amended or extended, and pay and deliver to the Trustee any money, and pledge and mortgage with the Trustee any property, received by the Company as consideration for such modification, amendment, extension, termination, surrender, cancellation, abandonment or reassignment, to be held as part of the trust estate; and provided further that, in the event of any material modification, amendment or extension or upon the taking of any other action provided for in this Subdivision (e), with respect to any lease or interest therein subject to the specific lien of this Indenture, the Company shall forthwith file with the Trustee the following:

(A) An Officers' Certificate, dated within ten days before the date of such filing, stating:

(1) either

(i) that such modification, amendment, extension, termination, surrender, cancellation, abandonment or reassignment is required by a valid rule, regulation or order of a competent governmental or regulatory authority having jurisdiction in the premises, or

(ii) that such modification, amendment, extension, termination, surrender, cancellation, abandonment or reassignment is desirable in the business of the Company and is not in any manner prejudicial to the Bondholders;

(2) whether or not the lease or interest therein, if any, which is to be terminated, surrendered, cancelled, abandoned or reassigned relates to lands from which gas has theretofore been produced, and stating that such termination, surrender, cancellation, abandonment or reassignment will not adversely affect the Company's rights in any property on which any part of any plant or other facility then used or useful in the operation of the Company is located, or the Company's rights or interests under any contract or any other lease to which the Company is a party;

(3) whether or not any such modification, amendment or extension is deemed by the Company to be material;

(4) that the value of the trust estate will not be substantially impaired or diminished by such modification, amendment, extension, termination, surrender, cancellation, abandonment or reassignment; and

(5) that the Company is not in default, and that all conditions precedent provided for in this Indenture relating to such action have been complied with.

(B) In case of the termination, surrender, cancellation, abandonment or reassignment of any lease or interest therein relating to lands from which gas has theretofore been produced, an Engineer's Certificate, dated within ten days before the date of filing thereof, stating that the gas from the lands covered thereby and recoverable under such lease or interest therein has been exhausted or, in the opinion of the signers of such Engineer's

Certificate, no longer can be produced in commercial quantities on an economically feasible basis.

(C) Appropriate instruments of conveyance, transfer or assignment of any leases or interests therein modified, amended or extended, or cash in an amount equal to any moneys paid to, or appropriate instruments of conveyance, transfer or assignment of any property received by, the Company as consideration for any such modification, amendment, extension, termination, surrender, cancellation, abandonment or reassignment.

(D) An Opinion of Counsel, dated within ten days before the date of filing thereof, to the effect that such action has been duly authorized and that all conditions precedent provided for in this Indenture relating to the proposed modification, amendment, extension, termination, surrender, cancellation, abandonment or reassignment have been complied with, that all requisite governmental authorizations have been duly obtained or that such governmental authorizations are of a routine nature and are in practice customarily granted in due course after the application therefor, that the Company has good title to any lease, interest therein or other property referred to in Subdivision (C) above, subject only to permitted liens, and that such leases, interests therein or other property have been duly subjected to the specific lien of this Indenture or, upon the filing and recording of such instrument or instruments in the manner specified in said Opinion of Counsel, will become subject to the specific lien of this Indenture; and, as to each rule, regulation or order a certified copy of which is being filed pursuant to Subdivision (E) below, that such rule, regulation or order is valid and that the proposed modification, amendment, extension, termination, surrender, cancellation, abandonment or reassignment is required thereby.

(E) A certified copy of any rules, regulations and orders referred to in the Officers' Certificate filed pursuant to Subdivision (A) (1) (i) above.

(f) So long as no event of default shall have occurred and be continuing, the Company shall have the right to enter into or become a

party to any joint venture, common enterprise, unitization agreement or operating agreement with other holders of oil or gas leases for the purpose of complying with spacing requirements or of unit development of oil or gas leases and interests therein owned by the Company and such other holders, respectively, situated in the same territory, and, in connection with such joint venture, common enterprise, unitization agreement or operating agreement, to subject the oil and gas leases or interests therein owned by the Company, subject, however, to the continuing prior specific lien of this Indenture, to any limitations, restrictions, regulations, covenants or obligations applicable to the parties to such agreements, joint venture or common enterprise, or to assign or transfer, free of the specific lien of this Indenture, without further release or consent of the Trustee, all interest in oil and gas leases owned by the Company in such territory in exchange for interests in other oil or gas leases or interests therein owned by others in such territory, provided that the Company shall forthwith file with the Trustee upon any such assignment or transfer an Officers' Certificate describing the interests assigned or transferred by and to the Company, accompanied by an Engineer's Certificate stating that in the opinion of the signer the fair value of the interests so assigned or transferred at any one time by the Company is not in excess of \$100,000 and the interests so assigned or transferred to the Company are at least equal in value to the interests so assigned or transferred by the Company, and by an Opinion of Counsel to the effect that the Company has good and marketable title to the interests so assigned or transferred to the Company, subject only to permitted liens and approvals or consents of a routine nature which are in practice customarily granted in due course after application therefor, and stating that the interests so assigned or transferred to the Company have become subject to the specific lien of this Indenture, subject only to permitted liens.

(g) Whenever an event of default shall have occurred and be continuing, the Company may, so long as it shall be in possession of the trust estate, perform the acts specified in Subdivisions (c), (d), (e) and (f), upon the conditions therein stated, only with the written approval and consent of the Trustee, which the Trustee may give upon receipt of an Officers' Certificate filed with the Trustee requesting such

approval and consent and of an Independent Engineer's Certificate filed with the Trustee stating that in the opinion of the signer the requested action is desirable in the business of the Company and is not in any manner prejudicial to the holders of the Bonds. Whenever the Company shall no longer be in possession of the trust estate, the rights of the Company under Subdivisions (c), (d), (e) and (f) may, upon the conditions herein stated, be exercised by the Trustee, or by a receiver or receiver and manager or other person rightfully in possession of the trust estate.

(h) Any party to any contract or lease subject to the specific lien hereof may, until such party shall have received written notice to the contrary, conclusively assume that no event of default has occurred and is continuing and that the Company is in possession of the trust estate and entitled to modify, amend, supplement, assign, transfer, cancel, replace, abandon, surrender or reassign any such contract or any such lease or any interest therein.

§7.03 (a) The Company covenants that, subject to the provisions of Article 13, it will from time to time pledge and mortgage with the Trustee hereunder, as further security for the Bonds, all its right, title and interest under, in and to any bonds, notes, other evidences of indebtedness (excepting instruments evidencing purchase money obligations) of Western Pipe Lines hereafter acquired by the Company and, to the full extent permitted by law, all shares of the capital stock of Trunk Line and of any subsidiary of the Company (other than Alberta Inter-Field Gas Lines Limited and Trans-Canada Grid of Alberta Ltd.) hereafter acquired by the Company.

(b) The Company covenants that, subject to the provisions of Article 13, it will, promptly upon release by Crown Corporation of the shares of the capital stock of Western Pipe Lines presently pledged to Crown Corporation, pledge and mortgage such shares with the Trustee hereunder, as further security for the Bonds.

(c) The Company covenants that any indebtedness of Western Pipe Lines to the Company incurred by Western Pipe Lines in connection with the discharge by Western Pipe Lines of its presently outstanding debentures and all other indebtedness of Western Pipe Lines

to the Company (except current indebtedness not in excess of \$100,000) shall be in the form of a bond or bonds, a debenture or debentures, a promissory note or promissory notes, or one or more of them, and pledged and mortgaged to the Trustee hereunder as further security for the Bonds.

(d) All pledged securities shall be delivered to the Trustee in bearer form or endorsed in blank for transfer or accompanied by proper instruments of assignment and transfer duly executed by the registered owners thereof, provided that the Trustee shall permit the transfer from time to time of so many of any pledged shares as may be necessary to qualify the persons to act as directors of the subsidiaries of the Company or as other officers thereof, upon obtaining from such persons declarations of trust in form and terms satisfactory to the Trustee in respect of the said qualifying shares. The Trustee may (but need not) cause any pledged securities (other than directors' qualifying shares) to be transferred to or registered in its name as Trustee hereunder, or in the name or names of its nominees. Shares required to qualify directors shall, so far as legally possible, be deemed a part of the specifically mortgaged property and subject to the provisions hereof; and the certificates representing the same shall be held by the Secretary of the Company for the account of the Trustee, endorsed in blank for transfer, until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, in which event they shall be delivered by the Secretary to the Trustee.

§7.04. So long as no event of default shall have occurred and be continuing, the Company shall have the right to vote all pledged securities having voting rights and to give consents with respect thereto for all purposes not inconsistent with the provisions of this Indenture, and to waive notice of any meeting, with the same force and effect as if such securities were not pledged hereunder and the Trustee shall, at the written request of the Company, execute and deliver to the Company or its nominee appropriate powers of attorney or waivers to vote such pledged securities, for such purpose or purposes as may be specified in such request.

§7.05. Whenever an event of default shall have occurred and be continuing, the Trustee shall revoke all powers of attorney or proxies theretofore given to the Company and shall be entitled to exercise all the rights appertaining to the ownership of pledged securities, including the voting power thereof. In voting upon such pledged securities, the Trustee shall incur no personal liability or responsibility by reason of any error of judgment or of law or of any matter or thing done or omitted to be done under this Indenture or in the management of the affairs of any company whose shares are pledged hereunder or otherwise, except for its own wilful misconduct.

§7.06. In the event that any corporation whose shares are pledged hereunder shall take any proceedings to change the number of shares of its authorized stock, or to issue in exchange for the pledged securities any other shares of the same or other class or classes and/or other securities, or issue any greater or lesser number of shares in exchange for the shares pledged hereunder, or shall consolidate or merge with any other corporation (other than the Company) or sell its assets to any corporation (other than the Company) in exchange for stock and/or securities of such other corporation or shall change or readjust its outstanding capital stock or indebtedness or be dissolved, then and in any such event, upon the written request of the Company, the Trustee is authorized to and shall deliver the securities then pledged hereunder and designated in such request against the receipt of such shares and/or securities and/or property and/or cash as may be deliverable in exchange therefor; provided, however, that there shall be delivered to the Trustee an Opinion of Counsel, stating that all corporate proceedings necessary to authorize the issue of the shares and/or bonds, notes or other evidences of indebtedness to be received in exchange have been taken in accordance with the law and that such shares (if any are to be received in exchange) are fully paid and non-assessable, and have been legally authorized and issued and in the event that bonds, notes or other evidences of indebtedness are to be received in exchange that the same have been duly and legally authorized and issued and are the valid and binding obligations of the corporation issuing the same according to the terms thereof.

Any stock, bonds, notes or other evidences of indebtedness or other property received by the Trustee under the provisions of this §7.06

shall be held by the Trustee as part of the trust estate. In the event that any cash shall be payable to the Company and/or to the Trustee in respect of any securities pledged hereunder, upon any such exchange, consolidation or merger or sale or dissolution, such cash shall be deposited with the Trustee and held and applied as part of the trust estate.

In any case where it may be necessary at any time that any pledged securities be withdrawn from the Trustee before it is practicable for the Company to deposit with the Trustee the shares of stock, bonds, notes or other evidences of indebtedness or cash or other property to be issued in exchange or substitution therefor, the Trustee may surrender such pledged securities under trust receipts or in any other manner and under such other conditions as the Trustee may deem necessary and proper under the circumstances.

The Trustee may receive an Opinion of Counsel as conclusive evidence that any such exchange or substitution is in compliance with this §7.06, and such opinion shall be full protection for any action taken by the Trustee pursuant thereto.

§7.07. The Trustee may (but need not) do whatever may be necessary for the purpose of maintaining, preserving, renewing or extending the corporate existence of any corporation, any part of the capital stock whereof shall be then pledged hereunder, and for such purpose from time to time the Trustee may sell, assign, transfer and deliver or permit the Company to sell, assign, transfer and deliver so many of the shares of stock of any such corporation as may be necessary to qualify persons to act as directors of or in any other official relation to such corporation. The Trustee may, and unless an event of default shall have occurred and be continuing, shall, upon the written request of the Company, assign and transfer to the persons designated by the Company a sufficient number of shares of the stock of any corporation which shall then be held hereunder to qualify such persons to act as directors of, or in any other official relation to, such corporation; provided that in each case the Trustee shall make such arrangements as it shall deem expedient for the protection of the trusts hereunder in respect of the shares of stock held hereunder so transferred.

§7.08. So long as no event of default shall have occurred and be continuing,

(1) The Company shall be entitled to receive all payments of interest on pledged securities and the Trustee upon the written request of the Company, shall deliver from time to time as directed in such written request, as they severally mature, the coupons for interest on any pledged securities in the possession of the Trustee, and from time to time, upon like request, shall execute and deliver, as directed in such request, suitable assignments and orders for the payment of interest which the Company shall be entitled to receive upon other pledged securities, if such assignments or orders shall be necessary to enable the Company to collect such interest; (2) the Company shall be entitled to receive all cash dividends on pledged shares which shall be paid or collected after the date of the execution and delivery of this Indenture out of net earnings or earned surplus as reflected under sound accounting practice on the books of account of the corporation paying the dividend, and on like request the Trustee shall execute and deliver, as directed in such request, suitable orders for the payment of such dividends; and (3) the Company shall be entitled to receive all subscription privileges accruing in respect of any pledged securities and, in the case of any subscription privileges accruing in respect of the shares of any subsidiary of the Company, to exercise such privileges provided that any additional shares purchased on account of such privileges shall thereupon immediately be pledged hereunder, or, in the case of any subscription privileges accruing in respect of any other shares pledged hereunder, to exercise, sell or otherwise dispose of such privileges provided that the Company shall pay to the Trustee, promptly after the expiration or termination of the applicable subscription period, a sum in cash equal to any net proceeds realized by the Company on any sale or other disposition of such subscription privileges or, in the event of the exercise of such privileges by the Company, a sum in cash equal to the average market price of such privileges during the subscription period applicable thereto;

provided, however, and it is hereby agreed that, except as in this Indenture otherwise expressly provided, the Company shall not be entitled to receive and the Trustee shall not pay over to the Company,

(a) any sum paid or collected on account of the principal of any of the pledged securities; (b) any sum paid or collected on account of interest on any of the pledged securities, which shall have been collected or paid out of the proceeds of any sale of or compensation for the property covered by any mortgage securing such pledged securities or out of the proceeds of the sale of any other property of the company liable upon such obligations; (c) any dividends or moneys paid on any pledged securities which shall have been collected or paid otherwise than out of net earnings or earned surplus determined as aforesaid; or (d) any shares of stock issued in respect of any stock dividend or dividends paid on any pledged securities, and the Company covenants and agrees that certificates properly endorsed in blank or accompanied by appropriate instruments of assignment and transfer, representing all shares so issued, shall promptly be deposited and pledged with the Trustee hereunder as additional security for the Bonds.

The Company covenants and agrees forthwith upon receipt by it to pay over to the Trustee all cash coming within the provisions of the foregoing subdivisions (a), (b) and (c), and all such cash, whether paid over by the Company to the Trustee or received directly by the Trustee, and all cash received by the Trustee pursuant to the foregoing Subdivision (3), shall be held and applied as part of the trust estate.

All coupons and other rights or claims for interest on any pledged securities and all rights to dividends on any pledged securities shall remain subject hereto until actually paid to or released and discharged by the Company.

If any coupon delivered to the Company or if any claim for interest or for dividends shall not forthwith be paid, released or discharged, the Company shall return to the Trustee such coupon or the evidence of such claim or of the right of the Company to collect the same and, in case of the payment or release of any such coupon or claim, shall, upon demand of the Trustee, furnish satisfactory evidence of the cancellation, release and discharge thereof.

The Company shall not collect any coupons or claims for interest on any pledged security by legal proceedings or by enforcement of any

security therefor, except with the written assent of the Trustee, or in any manner which the Trustee shall deem prejudicial to the trusts hereunder.

The Company shall within 60 days after receipt of any such dividend deliver to the Trustee an Officers' Certificate either setting forth that such dividend was known to the Company to have been paid out of net earnings or earned surplus determined as aforesaid, or that the Company has made inquiry with respect to such dividend and has no knowledge of any facts which would indicate that such dividend was not paid out of net earnings or earned surplus determined as aforesaid, and the Trustee shall be entitled to rely on such Officers' Certificate until notified in writing to the contrary by the holders of at least 10% in principal amount of the Bonds then outstanding.

§7.09. Whenever an event of default shall have occurred and be continuing, the right of the Company to receive interest or dividends, as provided in §7.08, shall cease and determine and the Trustee, in addition to the other remedies herein provided, shall revoke any assignments or orders theretofore delivered to the Company, as provided in §7.08, and shall be entitled to collect or receive any dividends and any sums payable for interest upon any pledged securities; and the Company in such case hereby authorizes and directs each and every company, any securities of which are at the time subject to the specific lien of this Indenture, to make such payments to the Trustee. If such default shall be remedied or waived as provided in Article 10, the right of the Company to release and discharge such claims for interest and to receive and collect such dividends and such interest on such pledged securities and the duty of the Trustee to execute such assignments and orders shall revive and continue, as though no such default had taken place, subject to all the terms and provisions of §7.08, and the Trustee shall pay over to the Company the amount, if any, of any such interest or dividends collected or received by the Trustee and then remaining unexpended in its hands.

§7.10. All pledged securities shall be held in the manner hereinbefore provided by the Trustee as security for the Bonds upon the trusts herein declared, entitled to the full benefit of all liens, titles, rights and security under all mortgages, deeds of trust or other instru-

ments or agreements securing or purporting to secure the same, and, except as otherwise expressly provided in this Indenture, the Trustee shall be subrogated to and vested with all rights and liens to which the holders of such pledged securities shall have been entitled at or immediately prior to the time of the pledge thereof hereunder.

§7.11. In case default shall be made in the payment of the principal of or interest on any of the pledged securities which shall have been delivered to and shall be held by the Trustee hereunder, then and in any such case the Trustee in its discretion may, and if it be so requested in writing by the Company or by the holders of not less than 25% in principal amount of the Bonds then outstanding and there be tendered reasonable security and indemnity satisfactory to the Trustee for its expenses in connection therewith (including fees of its counsel) and for any liability which the Trustee might incur in the premises, shall cause an action at law or suit in equity or other proceeding to be instituted and prosecuted to collect or enforce such pledged securities, or to foreclose or enforce the mortgage or trust or charge or agreement by or under which such pledged securities in default are secured or issued.

§7.12. In case all or any of the property of any corporation any of whose securities shall be subject to this Indenture shall be sold upon the insolvency of such corporation or otherwise, at any judicial or other sale, or in case any property covered by a mortgage or other lien securing any pledged securities shall be sold upon foreclosure of such mortgage or lien, then and in every such event, if the property of such corporation or the property sold can be acquired by crediting on the pledged securities any sum accruing or to be received thereon out of the proceeds of such property, and by paying in cash not more than 10% of the price of such property or such larger sum as shall be authorized by the holders of a majority in principal amount of the Bonds then outstanding, the Trustee in its discretion may, and if it shall be requested in writing by the Company or by the holders of a majority in principal amount of the Bonds then outstanding and shall be provided by them or any of them with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) shall purchase or cause to be purchased, or permit the Company to purchase such property, either in the name or on behalf

of the Trustee or of the Company or of purchasing trustees, and it shall use or permit the Company to use such pledged securities, as far as may be, to make payment for such property. In case of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property to be vested in the Company, subject to the lien of this Indenture, or if the Company shall so direct, to be vested in some other corporation organized or to be organized with power to acquire and manage said property, provided that securities thereof (excepting the number of shares required to qualify directors) shall be delivered to the Trustee and subjected to the lien of this Indenture.

The Trustee, at any time, with the consent of the Company, may join in any plan of reorganization or readjustment in respect of any pledged securities, and may accept new securities issued in exchange therefor, or cash paid on account thereof, under such plan and which shall be subject to this Indenture.

The Trustee may, and unless an event of default shall have occurred and be continuing, shall, upon the written request of the Company, consent to the extension of the maturity of any pledged securities, to such date and at such rate of interest as the Company shall request.

§7.13. If any corporation whose shares are pledged hereunder is consolidated with or merged into, or transfers its properties as an entirety to the Company (whether upon dissolution or otherwise), the Company shall, forthwith upon the consummation of such consolidation, merger, or transfer, execute and deliver to the Trustee an indenture supplemental hereto subjecting to the specific lien hereof, subject only to permitted liens and other liens or encumbrances existing thereon at the time of such consolidation, transfer or merger, all of the properties of such corporation which are of the character required to be subjected to the specific lien hereof, together with an Opinion of Counsel that such supplemental indenture complies with the requirements of this §7.13; provided that, in case of the consolidation of any such corporation with the Company, the provisions of Article 13 shall be complied with. Upon the consummation of any such consolidation, merger or transfer, the pledged securities of any such corporation shall be surrendered to or on the order of the Company, provided there shall have been delivered to the Trustee a supplemental indenture and Opinion of Counsel as above provided.

§7.14. The Company covenants that on demand of the Trustee it will pay the amount of all transfer taxes, if any, due in the case of any substitutions, exchanges and transfers of securities made pursuant to the provisions of this Article 7.

ARTICLE 8.

Possession, Use and Release of Property.

§8.01. Unless an event of default shall have occurred and be continuing, the Company shall be suffered and permitted to possess, use and enjoy all of the property and appurtenances, franchises and rights constituting part of the mortgaged property (other than such securities, obligations and moneys as are expressly required to be deposited with the Trustee), and to receive and use the rents, issues, income, products and profits thereof, with power in the ordinary course of business, freely and without let or hindrance on the part of the Trustee or of the Bondholders, to use and consume materials and supplies, deal with choses in action (other than pledged securities), leases and contracts (other than leases or contracts subject to the specific lien of this Indenture), exercise the rights and powers conferred upon it thereby, alter and repair its buildings and structures, change the position of any of its buildings, structures, plants, conduits, pipe lines or other property whatsoever and replace and renew any of its equipment, machinery or other property, except that the position of none of the specifically mortgaged property may be changed so as to impair the specific lien of this Indenture thereon unless such property is sold, abandoned or otherwise disposed of as permitted by §8.02 or released as provided in §8.03, §8.04 or §8.05.

§8.02. The Company may at any time and from time to time, without any release or consent by the Trustee:

(a) Sell or otherwise dispose of, free from the specific lien of this Indenture, any machinery, equipment, fixtures, pipe, tools, implements or salvaged materials at any time subject to the specific lien hereof, or any other part or parts of the specifically mortgaged property which have become worn out, inadequate, unserviceable, undesirable or unnecessary for use in the conduct of its business, or

have been abandoned or retired from service, upon replacing the same with, or substituting for the same, other property of a value at least equal to the value at that time of such things so disposed of, which need not necessarily be of the character of the things so disposed of if it is of the nature of property subject to the specific lien hereof, which other property shall without further action become subject to the specific lien hereof; provided, however, that the Company shall not in any calendar year, except upon compliance with §8.03, §8.04 or §8.05, so sell or otherwise dispose of specifically mortgaged property having an aggregate value of more than \$300,000.

(b) Abandon any property (other than an oil or gas lease or interest therein), if in the opinion of the Board of Directors the abandonment of such property is desirable in the proper conduct of the business and in the operation of the properties of the Company or is otherwise in the best interests of the Company and will not be prejudicial to the holders of the Bonds.

(c) Surrender or assent to the modification of any easement, right-of-way, lease (other than an oil or gas lease or interest therein or the Crown Corporation Lease), franchise, license, authority or permit which it may hold, or under which it may be operating, provided that the Company shall have the right, in the Opinion of Counsel, under the modified easement, right-of-way, lease, franchise, license, authority or permit, or under a new easement, right-of-way, lease, franchise, license, authority or permit received in exchange in the event of any such surrender, or under some other easement, right-of-way, lease, franchise, license, authority or permit, to conduct the same or an extended business in the same or an extended territory during the same or an extended, unlimited, indeterminate, or indefinite period of time. For the purpose of this Subdivision (c) and of any Opinion of Counsel to be rendered under it, any right of any municipality or governmental body or authority to terminate an easement, right-of-way, lease, franchise, license, authority or permit by purchase shall not be deemed to abridge or affect its duration.

(d) Surrender or assent to or procure a modification of any easement, right-of-way, lease (other than an oil or gas lease or

interest therein or the Crown Corporation Lease), franchise, license, authority or permit under which it operates any of its properties, which it may now or hereafter hold or under which it may now or hereafter operate, if, in the opinion of the Board of Directors, (i) it is no longer necessary or desirable in the conduct of the Company's business or in the best interests of the Company to operate such properties or to comply with the terms and provisions of such easement, right-of-way, lease, franchise, license, authority or permit and (ii) the value and utility generally of all of its properties as an entirety and the security for the Bonds will not thereby be impaired, and the holders of the Bonds will not thereby be prejudiced.

(e) Grant or convey permits, easements, licenses, rights-of-way and other rights and privileges in the nature of easements over or in respect of any real property or interest in real property owned by the Company, if such grant or conveyance will not materially impair the usefulness of the property in question in the conduct of the business and operations of the Company; provided that the Company shall deposit with the Trustee as a part of the trust estate the consideration, if any, received by it for such grant or conveyance.

Oil and gas leases and interests therein and the Crown Corporation Lease which are excepted from certain provisions of this Section shall be governed by §7.02.

§8.03. From time to time hereafter the Company may transfer or otherwise dispose of any part or parts of the specifically mortgaged property (excluding contracts and leases other than oil or gas leases or interests therein), and the Trustee shall release the same from the specific lien of this Indenture, but only upon receipt by the Trustee of:

(a) A certified resolution requesting such release.

(b) An Engineer's Certificate, dated within 30 days prior to the date of the Company's application seeking such release, stating in substance:

(i) the fair value as of the date of the certificate, in the opinion of the signers, of the property to be released, the

amount of cash and the fair value of any other consideration received or to be received by the Company from the sale or other disposition of the property to be released, and a description in reasonable detail of the property to be released;

(ii) that such release, in the opinion of the signers, will not materially impair the security under this Indenture and is desirable in the proper conduct of the business of the Company or is otherwise in the best interests of the Company;

(iii) that, so far as is known to the signers, the Company is not, and by the making or granting of the application will not be, in default in the performance of any of the terms and covenants of this Indenture; and

(iv) the aggregate fair value of such property to be released and of all property released from the lien of this Indenture pursuant to this §8.03 during the then current calendar year.

(c) In case the fair value of such property to be released and of all other specifically mortgaged property released from the specific lien of this Indenture since the commencement of the then current calendar year, as shown by certificates filed pursuant to Subdivision (b) of this §8.03 or this Subdivision (c), is 10% or more of the aggregate principal amount of Bonds outstanding at the time of the application then being made, an Independent Engineer's Certificate, dated within 30 days prior to the date of such application, stating in substance:

(i) the fair value as of the date of the certificate, in the opinion of the signer, of the property to be released and the amount of cash and the fair value of any other consideration received or to be received by the Company from the sale or other disposition of the property to be released; and

(ii) that such release, in the opinion of the signer, will not materially impair the security under this Indenture;

provided, however, that no Independent Engineer's Certificate need be delivered to the Trustee in the case of any release of property if the fair value thereof, as shown by the certificate filed pursuant to Subdivision (b) of this §8.03, is less than \$250,000 or

less than 1% of the aggregate principal amount of Bonds outstanding at the time of the application then being made.

(d) In the case of the release of property other than purchase money obligations of the nature specified in this Subdivision (d), cash, which shall be received and applied by the Trustee as part of the trust estate, in an amount equal to the greater of (i) the fair value of the property to be released or (ii) the sum of the cash and the fair value of any other consideration received or to be received by the Company, in either case as specified in the Independent Engineer's Certificate, or, if none is being filed, as specified in the Engineer's Certificate; provided, however, that the amount of cash may be reduced by an amount equal to the lesser of the aggregate principal amount or fair value of any purchase money obligations given by the purchaser of the property to be released, payable to the Company and secured by a closed purchase money lien on the property to be released, which obligations have been or are being deposited by the Company with the Trustee and mortgaged, hypothecated and pledged hereunder; and provided further that no such reduction in the amount of cash may be effected unless there are filed with the Trustee:

(1) an Opinion of Counsel, dated within 20 days before the date of the Company's application seeking such release, to the effect that such purchase money obligations are valid obligations and are secured by a legal and valid first fixed and specific mortgage hypothec pledge or charge upon the property to be released subject to no liens other than the liens, if any, existing on such property immediately prior to its release and that no additional obligations may be issued under or secured by such purchase money lien; and

(2) an Engineer's Certificate, dated within 30 days before the date of the Company's application seeking such release, stating in substance:

(i) the fair value to the Company of such obligations;

(ii) that the amount by which cash is being reduced on the basis of purchase money obligations does not exceed 60%

of the fair value of the property subject to the lien securing such obligations; and

(iii) that the principal amount of such purchase money obligations together with the unpaid principal amount of all purchase money obligations previously deposited with the Trustee in lieu of cash under this §8.03 and then held as part of the trust estate do not exceed 10% of the aggregate principal amount of Bonds then outstanding.

In the case of the release of purchase money obligations of the nature specified in this Subdivision (d), cash, which shall be received by the Trustee as a part of the trust estate, in an amount equal to the principal amount of such obligations.

(e) An Opinion of Counsel, dated within 20 days before the date of the Company's application seeking such release, to the effect that all conditions precedent provided for in this Indenture relating to the release of the property in question have been complied with and stating, in case the Trustee is requested to release any franchise, that such release will not materially impair the right of the Company to operate any of its remaining properties.

(f) An Officers' Certificate, dated within ten days before the date of the Company's application seeking such release, stating in substance that in the opinion of the signers all conditions precedent provided for in this Indenture relating to the release of the property in question have been complied with.

The amount of cash required to be deposited pursuant to Subdivision (d) of this §8.03 may, at the election of the Company, be reduced by an amount equivalent to the amount of cash which could at the time be withdrawn pursuant to §9.01 or §9.02, by simultaneous compliance therewith, except that any certificates required to be filed with the Trustee pursuant to §9.01 or §9.02 shall refer to the reduction of cash rather than to the withdrawal of cash.

If the property to be released is subject to a purchase money lien, the certificate or written acknowledgment of the trustee or other holder of any such purchase money lien, that it has received cash or purchase money obligations of the nature specified in Subdivision (d) of this

§8.03 in an amount set forth in such certificate or written acknowledgment, shall be accepted by the Trustee hereunder to the extent of the amount so received by such other trustee or other holder, in lieu of cash and obligations required by Subdivision (d) of this §8.03 to be delivered to the Trustee upon the release of said property.

Nothing contained in this §8.03 shall limit any of the rights of the Company under §8.02.

§8.04. Should any part, but less than substantially all, of the specifically mortgaged property be taken by the exercise of a power of expropriation, the Trustee may accept as representing the fair value of the property taken any final award or any agreed consideration approved by the Company; and, at the request of the Company evidenced by a certified resolution, the Trustee shall execute and deliver a release of property so taken and shall be fully protected in so doing upon being furnished with an Opinion of Counsel to the effect that such property has been taken by the exercise of a power of expropriation. In any such proceedings the Trustee may be represented by counsel, who may or may not be of counsel to the Company. The proceeds of all property so taken shall be paid over to the Trustee hereunder, to be held and applied as a part of the trust estate, and/or to any holder of a purchase money lien, as their respective interests may appear, and shall be deemed to be the proceeds of the release of such property whether or not such property is actually released by the Trustee.

§8.05. The Trustee shall, when from time to time requested by the Company, such request to be evidenced by an Officers' Certificate, without requiring compliance with any of the provisions of §8.03, release from the specific lien hereof any part or parts of the specifically mortgaged property, the fair value of which shall be stated in an Engineer's Certificate delivered to the Trustee simultaneously with such Officers' Certificate, provided that such fair value is less than \$25,000 and that such property, as stated in such Engineer's Certificate, is not useful or necessary in the conduct of the business of the Company, and provided further that the aggregate fair value of all property released pursuant to this §8.05 in any calendar year shall not exceed \$250,000. Said Engineer's Certificate shall also state that such release will not impair the security under this Indenture. The Company covenants that it will

deposit with the Trustee as a part of the trust estate the consideration, if any, received by it upon the sale or other disposition of any property so released.

§8.06. In no event shall any purchaser or purchasers in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Trustee to execute the release, to inquire as to any facts required by the provisions hereof for the exercise of such authority, or to see to the application of the purchase moneys; nor shall any purchaser of any part or parts of the specifically mortgaged property be under obligation to ascertain or inquire into the occurrence of the event on which any such sale is hereby authorized without any release by the Trustee.

§8.07. The Trustee shall not be required under any of the provisions of this Article 8 to release any part of the specifically mortgaged property from the specific lien hereof at any time when the Company shall be in default hereunder, but notwithstanding any such default the Trustee may release from the specific lien hereof any part of the specifically mortgaged property, upon compliance by the Company with the appropriate conditions specified in this Article 8 in respect thereof, if the Trustee in its discretion shall deem such release in the best interest of the Bondholders. In case the trust estate shall be in the possession of a receiver or a receiver and manager lawfully appointed, the powers by this Article 8 conferred upon the Company may be exercised by such receiver or receiver and manager, with the approval of the Trustee, regardless of whether or not the Company is in default hereunder, and in such event a writing signed by such receiver or receiver and manager may be received by the Trustee in lieu of any certified resolution required by the provisions of this Article 8, and such receiver or receiver and manager may make any certificate required by the provisions of this Article 8 to be made by an officer or officers of the Company; provided, however, that so long as the trust estate shall be in the possession of any such receiver or receiver and manager, no reduction shall be made in the amount of cash required to be deposited upon any release on the basis of refundable Bonds. If the Trustee shall be in possession of the trust estate under any provision of this Indenture, then all such powers by this Article 8 conferred upon the Company may be exercised by the Trustee in its discretion.

§8.08. The Trustee may upon the application and at the cost of the Company but without any consent of the Bondholders (but only if and so far as the interests of the Bondholders and the security afforded hereby and the value thereof shall not in its opinion be prejudiced thereby) do or concur in doing all or any part of the things following, namely:

(1) Except as otherwise provided herein, settle, adjust, refer to arbitration, compromise and arrange all accounts, reckonings, controversies, questions, claims and demands whatsoever in relation to any of the specifically mortgaged property;

(2) Except as otherwise provided herein, execute and do all such contracts, deeds, documents and things and bring, defend and abandon all such actions, suits and proceedings in relation to any of the specifically mortgaged property as may seem expedient; and

(3) Release any freehold parcels of land forming part of the specifically mortgaged property upon which the Company or any subsidiary of the Company may desire to erect or cause other persons to erect buildings or dwellings for occupation by employees of the Company.

ARTICLE 9.

Application of Moneys Received by the Trustee.

§9.01. Any moneys held by the Trustee as a part of the trust estate (other than moneys deposited with the Trustee pursuant to §4.02, §4.05 or §5.06 or on account of construction liens or judgment liens), but including moneys which have been deposited with the Trustee pursuant to §5.23 or as the purchase price of Subordinated Income Notes only to the limited extent provided for in §9.08, shall be paid over from time to time by the Trustee to or upon the written order of the Company, in an amount equal to the cost, or the fair value to the Company if the fair value is less than the cost, of gross property additions, other than Northern Ontario Section property additions and other than production property and production expenditures, which have been purchased, constructed or acquired by the Company during the period specified pursuant to Subdivision (b) (i) of this §9.01, such cash, cost and value all being in terms of Canadian currency, but only upon receipt by the Trustee of:

(a) A certified resolution authorizing the application for the withdrawal from the trust estate of cash in the amount therein specified.

(b) An Engineer's Certificate, dated within 30 days prior to the date of the Company's application seeking such withdrawal of cash, stating in substance:

(i) The cost to the Company of the gross property additions, other than Northern Ontario Section property additions and other than production property and production expenditures, which have been purchased, constructed or acquired by the Company during the period specified in such certificate, commencing,

(A) in the case of withdrawal of moneys received by the Trustee pursuant to §8.03, §8.04 or §8.05 upon the release of any property (other than purchase money obligations deposited pursuant to §8.03(d)) from the specific lien of this Indenture, on a date not more than two years earlier than the date of the application for such release or the date of the receipt by the Trustee of such moneys, whichever is earlier,

(B) in the case of withdrawal of moneys received by the Trustee upon the payment of principal of purchase money obligations deposited pursuant to §8.03(d), or upon the release of such obligations from the specific lien of this Indenture, on a date not more than two years earlier than the date of the application for the release of the property with respect to which such obligations were deposited, and

(C) in the case of withdrawal of any other moneys which may be withdrawn pursuant to this §9.01, on a date not more than two years earlier than the date of the receipt by the Trustee of such moneys;

and the fair value to the Company of the property additions included in the certificate, which fair value, if it is less than the cost thereof to the Company, shall be used in determining the amount at which such property additions are included in the certificate. Such property additions shall be described in the manner provided in §4.03(a)(ii).

(ii) The amount of cash theretofore withdrawn pursuant to this §9.01 on the basis of such gross property additions and the amount by which cash required to be deposited in the trust estate has been reduced by compliance with this §9.01 on the basis of such gross property additions, which shall be deducted from the aggregate amount, stated pursuant to paragraph (i) of this Subdivision (b), of gross property additions available as the basis for the withdrawal of cash pursuant to this §9.01.

(iii) That the gross property additions described in such certificate are property additions, other than Northern Ontario Section property additions and other than production property and production expenditures, as defined in Part I of Article 1; that no portion of such gross property additions has theretofore been included in a certificate with respect to net bondable value of property additions filed with the Trustee or, if included in any such certificate, that an amount equal to the cash to be withdrawn on the basis of such gross property additions has been deducted in such certificate in determining net bondable value; and that the purchase, construction or acquisition of such property additions was desirable in the conduct of the business of the Company.

(iv) The facts with respect to such property additions specified in paragraphs (xii), (xiii), (xiv), (xv), (xvi) and (xvii) of §4.03(a).

(c) In case any gross property additions as shown by the Engineer's Certificate provided for in Subdivision (b) of this §9.01 consist of an acquired system, an Independent Engineer's Certificate, dated within 30 days prior to the date of the application, stating, in the opinion of the signer, the fair value to the Company of the gross property additions consisting of such acquired system, except such as have been retired by the Company, determined as provided in Part I of Article 1.

(d) The Appraiser's Certificate prescribed in, and setting forth the facts with respect to such property additions specified in §4.03(c), if applicable, and if such Appraiser's Certificate is required, the cost to the Company of the gross property additions

referred to therein shall be the fair value stated in such Appraiser's Certificate of the securities delivered in payment for such gross property additions.

(e) An Opinion of Counsel of the kind prescribed in §4.03(d), dated within 20 days before the date of the Company's application, with respect to such property additions and stating in addition that in the opinion of such counsel all conditions precedent provided for in this Indenture relating to the withdrawal of the cash in question have been complied with.

(f) An Officers' Certificate, dated within ten days before the date of the Company's application, complying with §9.11 and stating that all conditions precedent provided for in this Indenture relating to the withdrawal of the cash in question have been complied with.

(g) The cash prescribed in §4.03(e).

§9.02. Any moneys held by the Trustee as part of the trust estate (other than moneys deposited with the Trustee pursuant to §4.02, §4.05, §5.06 or §5.23 or as the purchase price of Subordinated Income Notes or on account of construction liens or judgment liens) shall be paid over from time to time by the Trustee to or upon the written order of the Company, in an amount, in Canadian currency, equal to the aggregate principal amount of refundable Bonds made the basis of the application for such payment (the principal amount of such Bonds being calculated by converting into Canadian currency, as of a date within ten days prior to the date of the Company's application, the principal amount of any refundable Bonds which were payable in United States currency), but only upon receipt by the Trustee of:

(a) A certified resolution authorizing the application for withdrawal from the trust estate of cash in the amount therein specified.

(b) An Officers' Certificate, dated within ten days before the date of such application, setting forth the same facts as are required to be stated by §4.06(a), except that such certificate shall refer to the withdrawal of cash rather than to the authentication and delivery of additional Bonds and shall comply with

§9.11 and state that all conditions precedent provided for in this Indenture relating to the withdrawal of the cash in question have been complied with.

(c) An Opinion of Counsel, dated within 20 days before the date of such application, stating that in the opinion of such counsel all conditions precedent provided for in this Indenture relating to the withdrawal of the cash in question have been complied with.

In case all or substantially all of the properties of the Company (other than obligations and cash held by the Trustee) shall have been released from the lien hereof, moneys held by the Trustee as part of the trust estate shall be paid over to the Company under this §9.02 only in an amount equivalent to the lesser of (i) the purchase price paid by the Company for any refundable Bonds purchased by the Company after the date of the deposit of the moneys being withdrawn, or (ii) the principal amount of such Bonds; provided that in such case no such payment shall be made which would reduce the amount of cash and principal amount of obligations held by the Trustee (or fair value of such obligations as shown by an Appraiser's Certificate, which shall be filed with the Trustee, if such fair value shall be less than such principal amount) below the principal amount of Bonds then outstanding hereunder.

§9.03. Any moneys received by the Trustee pursuant to §4.02 or otherwise paid or transferred to the Trustee expressly to be held and applied as provided in this §9.03 shall be paid over by the Trustee to or upon the written order of the Company to reimburse the Company for construction costs actually paid by it, or shall be applied by the Trustee upon the written request of the Company to the payment of bills due and unpaid which have been incurred by the Company for construction costs, in the amount specified for withdrawal or application in the respective order or request (which amount shall be the amount stated pursuant to paragraph (C)(1)(a) of this §9.03 in the Engineer's Certificate which accompanies such order or request), but only if the Trustee shall have received the documents and cash specified in this §9.03 at or prior to the time or times specified:

(A) Prior to or simultaneously with the delivery to the Trustee of the first such written order or request,

(1) An Engineer's Certificate stating that not less than \$70,000,000 of construction costs have theretofore been paid or incurred by the Company and that such construction costs are construction costs as defined in Part I of Article 1 hereof and specifying in reasonable detail by general classifications the items of such construction costs.

(2) An Opinion of Counsel, dated within 20 days before the date of the filing thereof, stating in the opinion of such counsel that

(i) the Company has good title to any real estate, and has duly obtained any easements, servitudes or rights-of-way, the cost of which is included in the construction costs specified in the accompanying Engineer's Certificate furnished pursuant to paragraph (A)(1) of this §9.03, subject only to permitted liens and to specified construction liens and purchase money liens of the nature and to the extent permitted by §5.14; and

(ii) the Indenture constitutes a legal and valid first fixed and specific mortgage hypothec pledge or charge upon all such real estate and easements, servitudes or rights-of-way, the cost of which is included in the construction costs specified in said accompanying Engineer's Certificate furnished pursuant to paragraph (A)(1) of this §9.03, subject only to permitted liens and to specified construction liens and purchase money liens of the nature and to the extent permitted by §5.14.

(B) Concurrently with the delivery to the Trustee of the first written order or request pursuant to this §9.03, and concurrently with the delivery to the Trustee of the written order or request of the Company with respect to the first moneys requested to be paid over or applied by the Trustee after an aggregate of \$30,000,000, \$60,000,000 and \$90,000,000, respectively, shall have been so paid over or applied pursuant to this §9.03, an Independent Engineer's Certificate, dated within 30 days before the date of the filing thereof, which in the case of the first such certificate shall be a certificate of Commonwealth Services Inc. stating:

(1) the remaining cost, as estimated by the signer of said certificate, of completing the initial stage of pipe line development and of acquiring the Niagara Section if such Section shall not theretofore have been acquired by the Company, including in such remaining cost the amount of all obligations theretofore incurred by or on behalf of the Company and then outstanding in respect of the initial stage of pipe line development and the acquisition of the Niagara Section, after giving effect to the payments, if any, to be made pursuant to the written order or request being delivered to the Trustee concurrently with such certificate; and

(2) that, in the opinion of the signer of such certificate, (i) there has not been any change in the program or progress of construction or in the financial or other condition or prospects of the Company or of Trunk Line or of Crown Corporation since February 6, 1957 which makes the Pipe Line System no longer feasible or which in any way materially impairs the ability of the Company to own, lease and operate the Pipe Line System at and after the Initial Completion Date and the Compressor Station Completion Date as contemplated in the definition of those terms in Part I of Article 1 hereof, or to perform its obligations under this Indenture or which is sufficiently material to prevent the Company from meeting its obligations as they become due, and (ii) there has not been any change in the program or progress of construction or in the financial or other condition or prospects of Trunk Line or Crown Corporation since February 6, 1957 which in any way materially impairs the ability of Trunk Line to perform the Trunk Line Contract or of Crown Corporation to perform the Northern Ontario Section Contract or the Crown Corporation Lease.

If the Company proposes in the case of the second, third or fourth such certificate to obtain the delivery of the certificate of an independent engineer other than Commonwealth Services Inc., at least 45 days prior to the respective dates when the second, third and fourth Independent Engineer's Certificates required by this Subparagraph (B) are to be delivered to the Trustee, the Company shall, in writing, advise

all holders of registered Bonds of the 1978 Series and the Trustee of the independent engineer whose certificate is proposed to be filed, specifying the capacities, if any, in which such engineer has theretofore been retained by the Company, and the certificate so required to be filed shall be the certificate of such engineer unless the holders of 66%% in principal amount of all Bonds of the 1978 Series outstanding shall by a written notice delivered to the Company and the Trustee within 30 days after the mailing by the Company of such written advice designate two other independent engineers, both acceptable to the Trustee, in which event the certificate to be filed shall be the certificate of the engineer selected by the Company from the two so designated by such holders of Bonds.

Any certificate delivered pursuant to this §9.03 (B) may be given in reliance, to the extent that the signer of such certificate shall deem proper, upon financial statements certified by the principal financial officers of the Company, Trunk Line or Crown Corporation and upon factual information furnished by the officers of the Company, Trunk Line or Crown Corporation in such form as shall be acceptable to such signer.

(C) With each such written order or request delivered to the Trustee:

(1) An Engineer's Certificate, dated within 30 days before the date of the filing thereof, stating in substance that

(a) a stated amount of expenditures and/or obligations have been made or incurred by the Company which constitute construction costs as defined in Part I of Article 1 hereof and specifying in reasonable detail by general classifications the items of such construction costs; no part of such construction costs has been included in any previous or other Engineer's Certificate furnished to the Trustee under paragraph (A)(1) or under this paragraph (C)(1) of this §9.03; no part of any such construction costs has been paid out of the proceeds of any insurance; and, if obligations are covered by such written order or request, the names of the persons to whom payments are to be made by the Trustee and the amount or amounts to be paid to each such person;

(b) the construction costs theretofore paid or incurred by the Company in respect of identified tracts or parcels of land owned in fee simple by the Company, and the improvements thereon constructed by the Company, and identified lands covered by easements, servitudes, rights-of-way, permits, leases, licenses and grants held by the Company, and the improvements thereon constructed by the Company, all of which costs are properly chargeable to the fixed property account of the Company, plus the value of securities then held by the Trustee which were purchased pursuant to §9.10 with cash to be applied pursuant to this §9.03, are not less than 110% of the principal amount of Bonds of the 1978 Series theretofore issued;

(c) the balance of the Company's cash on hand at the date of the certificate, including money held by the Trustee to be applied pursuant to this §9.03, and the value of securities then held by the Trustee which were purchased pursuant to §9.10 with cash to be applied pursuant to this §9.03, plus the principal amount of any unissued Bonds of the 1978 Series, plus the amount of any cash which is firmly committed to be advanced to or added to the general funds of the Company, plus the amount of that portion of import duties theretofore paid which at the date of the certificate is subject to refund to the Company with respect to pipe and materials theretofore purchased and imported into Canada for use or installation as part of the initial stage of pipe line development, plus, in any Engineer's Certificate filed prior to July 1, 1958 but not thereafter, the principal amount of Escrow Bonds not theretofore issued and not otherwise included under this subparagraph (c), even though the Company shall have no firm commitment for the purchase of such Escrow Bonds, is not less than a stated amount, and that such stated amount is not less than the remaining cost, as estimated by the signer of an Independent Engineer's Certificate, if any, then being delivered in compliance with §9.03(B) or by the signer of such Engineer's Certificate if an Independent Engineer's Certificate is not then being delivered, of completing

the initial stage of pipe line development and of acquiring the Niagara Section if such Section shall not theretofore have been acquired by the Company, including in such remaining cost the amount of all obligations theretofore incurred by or on behalf of the Company and then outstanding in respect of the initial stage of pipe line development and acquisition of the Niagara Section, after giving effect to the payments to be made pursuant to the written order or request being delivered to the Trustee concurrently with such certificate;

(d) the pipe which the Company has a contract right to purchase is, in the opinion of the signers of such certificate, sufficient for completion of the initial stage of pipe line development;

(e) any compressor station, plant for extracting hydrocarbons or other materials or dehydrating plant, the cost of which or a portion of the cost of which is included in construction costs specified in clause (a) above, has been constructed on property owned by the Company in fee simple; and

(f) if such Engineer's Certificate is being filed concurrently with an Independent Engineer's Certificate filed pursuant to §9.03(B), the signers of such certificate know of nothing which would lead them to believe that the Independent Engineer's Certificate then being filed pursuant to §9.03(B) may not properly be relied upon.

(2) An Officers' Certificate, dated the same date as the Engineer's Certificate being filed concurrently therewith pursuant to Subdivision (1) of this §9.03(C), stating that all conditions precedent provided for in this Indenture relating to the withdrawal or application of the cash in question (except the filing of a certificate complying with §9.11 if not theretofore filed) have been complied with.

(3) An Opinion of Counsel, dated within 20 days before the date of the filing thereof covering, with respect to the property the construction costs of which are referred to in the Engineer's Certificate being furnished pursuant to §9.03(C)(1)(b), the mat-

ters referred to in §5.21(b)(iii)(A) and (C); and also stating, in the opinion of such counsel, that:

(i) the Company has good title to any real estate, and has duly obtained any easements, servitudes or rights-of-way, the cost of which is included in construction costs specified in the accompanying Engineer's Certificate being furnished pursuant to §9.03(C)(1)(a), subject only to permitted liens and to specified construction liens and purchase money liens of the nature and to the extent permitted by §5.14;

(ii) all conditions precedent provided for in the Indenture relating to the withdrawal or application of the cash in question have been complied with;

(iii) the Company has duly procured and there are in full force and effect all governmental authorizations which it is necessary for the Company to have procured at the date of said opinion in view of the stage of construction of its properties reached at that date; and

(iv) neither the Northern Ontario Section Contract nor the Crown Corporation Lease nor the Trunk Line Contract has been amended or supplemented in any manner not permitted by §7.02 and each is in full force and effect.

(D) With each such written order or request delivered to the Trustee, an amount of cash equal to the aggregate of all judgment liens specified in the Opinion or Opinions of Counsel furnished pursuant to Subdivisions (A)(2) and (C)(3), less the amount of all cash then held by the Trustee on account of such judgment liens, which shall be held and applied by the Trustee as part of the trust estate and which may be withdrawn only in accordance with §9.05.

The Company agrees to pay to the Trustee promptly upon demand any amounts required to enable the Trustee to pay obligations in accordance with the written request of the Company but which the Trustee is unable to pay by reason of the fact that, due to a change in the rate of exchange between Canadian dollars and the currency in which such obligations are to be paid by the Trustee, the amount to be applied pursuant to this §9.03 by the Trustee in respect of such obligations is less than the amount of such obligations.

Moneys held by the Trustee to be applied pursuant to this §9.03 shall be applied by the Trustee to the redemption of Bonds of the 1978 Series and Escrow Bonds upon receipt by the Trustee of the Officers' Certificate specified in §3.07, with the amount so applied to redemption being apportioned between the Bonds of the 1978 Series and the Escrow Bonds on the pro rata basis provided in §9.07 with respect to Bonds of the 1978 Series and Bonds of other series.

Moneys held by the Trustee to be applied pursuant to this §9.03 may be applied by the Trustee when and as provided in §5.21(d) to the completion of the initial or second stage of pipe line development or when and as provided in §5.21(e) to the payment of the Bonds then outstanding.

After the Initial Completion Date and delivery to the Trustee of the documents specified in §5.21(b), all or any part of the moneys held by the Trustee to be applied pursuant to this §9.03 and not previously paid over or so applied which is in excess of the estimated sum required (a) to complete payment of the cost of completion of the initial stage of pipe line development stated in the Officers' Certificate filed pursuant to paragraph (b)(i) of §5.21 and (b) to pay the cost of acquisition of the Niagara Section if such Section shall not theretofore have been acquired by the Company, shall continue to be held by the Trustee as a part of the trust estate, subject to withdrawal only in accordance with §9.04(c). Any of such moneys not so withdrawn within 60 days after the Compressor Station Completion Date shall be applied (if in excess of \$25,000) by the Trustee to the redemption of Bonds of the 1978 Series in accordance with the provisions of §3.06(b) and the redemption of Escrow Bonds, with the amount so applied to redemption being apportioned between the Bonds of the 1978 Series and the Escrow Bonds on the pro rata basis provided in §9.07 with respect to Bonds of the 1978 Series and Bonds of other series.

Upon the redemption by the Trustee of any Bonds pursuant to this §9.03, the Company shall pay to the Trustee accrued interest on such Bonds to the redemption date, and all costs and charges of the Trustee in connection with the redemption.

§9.04. (a) Any moneys received by the Trustee pursuant to §4.05(a) shall be paid over from time to time by the Trustee to or upon the written order of the Company after the Initial Completion Date and delivery to the Trustee of the documents specified in §5.21(b) in an

amount equal to 60% of the net bondable value of property additions other than Northern Ontario Section property additions, but only upon receipt by the Trustee of:

- (i) a certified resolution authorizing the application for withdrawal from the trust estate of cash in the amount therein specified;

- (ii) the certificates, instruments, opinions, and cash prescribed in §4.03(a) to §4.03(e), both inclusive, except clause (ii) of §4.03(b) and except that such documents shall refer to the withdrawal of cash instead of the authentication and delivery of additional Bonds;

- (iii) the Officers' Certificate prescribed in §9.11; and

- (iv) if the Engineer's Certificate prescribed in §4.03(a) then being filed includes an amount of production expenditures which, when added to the aggregate of production expenditures included in all Engineer's Certificates filed under paragraph (a)(ii) of this §9.04 since the date of the most recent filing of an Independent Engineer's Certificate pursuant to this paragraph (a)(iv) (or since the date of execution of this Indenture in the case of the first such filing), causes the total thereof to exceed \$5,000,000, an Independent Engineer's Certificate conforming to the requirements of clause (ii) of §4.03(b) hereof.

(b) Any moneys received by the Trustee pursuant to §4.05(b) upon the authentication of Bonds for the Northern Ontario Section shall be paid over from time to time by the Trustee to or upon the written order of the Company after the Initial Completion Date and delivery to the Trustee of the documents specified in §5.21(b), in an amount equal to 100% of the remaining net bondable value of Northern Ontario Section property additions (less an amount in lieu of depreciation accrued after the date of acquisition of the Northern Ontario Section by the Company as provided in Subdivision (a)(ii) of §4.04), but only upon receipt by the Trustee of:

- (i) a certified resolution authorizing the application for withdrawal from the trust estate of cash in the amount therein specified;

(ii) the certificates, instruments, opinions and cash prescribed in §4.04, except that such documents shall refer to the withdrawal of cash instead of to the authentication and delivery of additional Bonds; and

(iii) the Officers' Certificate prescribed in §9.11.

(c) Any moneys received by the Trustee pursuant to §4.05(c) upon the authentication of Escrow Bonds and any moneys held by the Trustee pursuant to §9.03 for withdrawal in accordance with this §9.04(c) shall be paid over from time to time by the Trustee to or upon the written order of the Company at any time and from time to time after the Initial Completion Date and delivery to the Trustee of the documents specified in §5.21(b) in an amount equal to 100% of the net bondable value of property additions which are in connection with the second stage of pipe line development, but only upon receipt by the Trustee of:

(i) a certified resolution authorizing the application for withdrawal from the trust estate of cash in the amount therein specified;

(ii) the certificates, instruments, opinions and cash prescribed in §4.03(a) to §4.03(e), both inclusive, except that such documents shall refer to the withdrawal of cash instead of the authentication and delivery of additional Bonds, and the Engineer's Certificate pursuant to §4.03(a)(ii) shall include a statement that the property additions therein described are in connection with the second stage of pipe line development; and

(iii) the Officers' Certificate prescribed in §9.11.

Any of such moneys not so withdrawn within 60 days after the Compressor Station Completion Date shall be applied (if in excess of \$25,000) by the Trustee to the redemption of Bonds of the 1978 Series in accordance with the provisions of §3.06(b) and the redemption of Escrow Bonds, with the amount so applied to redemption being apportioned between the Bonds of the 1978 Series and the Escrow Bonds on the pro rata basis provided in §9.07 with respect to Bonds of the 1978 Series and Bonds of other series.

(d) Any moneys received by the Trustee pursuant to §4.05(a) shall be paid over from time to time by the Trustee, to or upon the written order of the Company, after the Initial Completion Date and delivery to the Trustee of the documents specified in §5.21(b), in an amount equal to the aggregate principal amount of the refundable Bonds made the basis of the application therefor (the principal amount of such refundable Bonds and the amount of cash being calculated by converting into Canadian currency, as of a date within ten days prior to the date of the Company's application, the principal amount of refundable Bonds which were payable, and the amount of cash deposited, in United States currency), but only upon receipt by the Trustee of:

(i) a certified resolution authorizing the application for withdrawal from the trust estate of cash in the amount therein specified;

(ii) an Officers' Certificate, dated within ten days before the date of the Company's application, setting forth the same facts as are required to be stated pursuant to §4.06(a), except that such certificate shall refer to the withdrawal of cash rather than to the authentication and delivery of additional Bonds; and

(iii) the Officers' Certificate prescribed in §9.11.

§9.05. Any moneys deposited with the Trustee pursuant to any of the provisions of this Indenture on account of construction liens or judgment liens shall be held by the Trustee as a part of the trust estate and applied by the Trustee toward the payment, cancellation and discharge of the respective construction liens and judgment liens with respect to which such moneys were deposited or toward reimbursing the Company for expenditures made by the Company for any such purpose. Any balance of any moneys deposited with the Trustee with respect to any particular construction lien or judgment lien remaining on deposit with the Trustee after the cancellation and discharge of such construction lien or judgment lien or the release or disposal of the property subject to such lien in accordance with the provisions of this Indenture shall be paid to the Company, but only upon the receipt by the Trustee of an Officers' Certificate, accompanied

by an Opinion of Counsel, to the effect that the particular construction lien or judgment lien with respect to which such moneys were deposited has been discharged and satisfied or that the property subject to such lien has been released or disposed of in accordance with provisions of this Indenture, and the Officers' Certificate prescribed by §9.11.

§9.06. Any moneys received by the Trustee pursuant to §8.03(d), §8.04 or §8.05 upon the release of any fixed non-bondable property, any moneys received by the Trustee in payment of the principal of obligations deposited with the Trustee pursuant to §8.03(d), §8.04 or §8.05 upon the release of any such property or upon the release of any such obligations and any moneys received pursuant to §8.02 with respect to non-bondable property, shall be paid over from time to time by the Trustee to or upon the written order of the Company, in an amount equal to the lesser of the cost or the fair value to the Company of other fixed non-bondable property acquired by the Company subsequent to the date of the application for the release with respect to which such cash or obligations were deposited, but only upon receipt by the Trustee of the resolutions, certificates, instruments and Opinion of Counsel of the kind described in, and setting forth the facts with respect to such property specified in, §9.01(a) to §9.01(f), both inclusive, together with the cash prescribed in §9.01(g), except that such certificates, instruments and Opinion:

(a) need not state that the property therein described consists of property additions, but in lieu thereof shall state that such property is fixed property; and

(b) shall omit the statements required by paragraphs (ii) and (iii) of §9.01(b) and in lieu thereof shall state that no portion of such property has theretofore been included in any certificate filed pursuant to the provisions of this §9.06 and that the construction or acquisition of such property was desirable in the conduct of the business of the Company.

§9.07. Any moneys held by the Trustee as a part of the trust estate (other than moneys deposited with the Trustee pursuant to §4.02, §4.05(c) or §5.23 or held on account of construction or judgment liens) and not paid over to the Company pursuant to the other provi-

sions of this Article 9 or §5.06 shall, at the election and in accordance with the request of the Company, evidenced by a certified resolution, be applied by the Trustee from time to time to the purchase of Bonds outstanding hereunder (of such series and, subject to §5.20, within such limitations as to price as may be specified in the resolution) or to the redemption of such Bonds in accordance with the terms thereof. The Trustee shall make the purchases of the Bonds in such manner as it may deem proper, but at prices not in excess of those specified in the resolution. Any particular moneys in excess of \$25,000 held by the Trustee as a part of the trust estate (other than moneys deposited with the Trustee pursuant to §4.02, §4.05(c) or §5.23 or held on account of construction or judgment liens), which shall not have been withdrawn within a period of three years after the date of deposit, shall be applied forthwith by the Trustee to the purchase or redemption, at its election, of Bonds of such series as may be selected by the Trustee in its discretion, but only in case of failure of the Company to deliver to the Trustee, in accordance with this §9.07, a certified resolution specifying a series of Bonds so to be purchased or redeemed. Notwithstanding the other provisions of this §9.07, so long as any Bonds of the 1978 Series are outstanding, the Trustee shall not make any purchases of the Bonds of said Series pursuant to this §9.07, and any redemptions or redemptions and purchases of Bonds made pursuant to this §9.07, whether at the election of the Company or otherwise, shall be apportioned among the Bonds of the 1978 Series and the various other series at the time outstanding so that substantially the same proportion of the Bonds of the 1978 Series (considered as a single series) and of each such other series shall be retired through each such redemption or each such redemption of Bonds of the 1978 Series and purchase of Bonds of any other series. Any redemption of Bonds of the 1978 Series pursuant to this §9.07 made out of moneys deposited with the Trustee pursuant to §7.01, §7.02, §7.06, §7.08, §8.02, §8.03 or §8.05 shall be made in accordance with the provisions of §3.06(d); any such redemption of Bonds of the 1978 Series made out of moneys deposited with the Trustee pursuant to §8.04 shall be made in accordance with the provisions of §3.06(e); and any other such redemption of Bonds of the 1978 Series shall be made in accordance with the provisions of §3.06(a).

The Trustee shall not purchase Bonds of any series at a price or prices (including accrued interest but not including brokerage charges) which exceed the applicable redemption price for Bonds of such series prevailing at the time for redemption pursuant to this §9.07 and accrued interest to the next interest payment date, or, if the Bonds of such series are not redeemable, at a price or prices (including accrued interest but not including brokerage charges) which exceed the principal amount thereof and accrued interest to the next interest payment date.

Upon the purchase or redemption by the Trustee of any Bonds pursuant to the provisions of this §9.07, the Company shall pay to the Trustee accrued interest to the date of purchase or redemption, as the case may be, on all Bonds so purchased or redeemed, together with an amount by which the aggregate purchase or redemption price (excluding interest) paid by the Trustee exceeds the aggregate principal amount of the Bonds purchased or redeemed. The cost of all advertising or publishing shall be paid by the Company or, if paid by the Trustee, shall forthwith be paid to it by the Company upon demand.

In case all or substantially all of the properties of the Company (other than obligations and cash held by the Trustee) shall have been released from the lien hereof, no Bonds shall be purchased from the Company by the Trustee pursuant to the provisions of this §9.07 until all of the Bonds (other than Bonds held by the Company) shall have been paid, redeemed or otherwise retired.

All Bonds purchased or redeemed by or delivered to the Trustee under the provisions of this §9.07, together with the unmatured coupons thereto appertaining, shall be forthwith cancelled upon receipt thereof by the Trustee.

§9.08. (a) All moneys received by the Trustee at any time as the purchase price of Subordinated Income Notes issued pursuant to the Note Purchase Agreement in respect of a Bond Interest Deficiency as provided therein shall be applied by the Trustee first toward the payment of any interest on the Originally Contemplated Bonds, as that term is defined in the Note Purchase Agreement, accrued and unpaid, ratably according to the amount of the interest so accrued and unpaid on each series of such Bonds, and then toward the payment of interest

on such Bonds payable on the next succeeding interest payment date or dates subsequent to the receipt of such moneys by the Trustee, including interest on any Bonds of the 1978 Series which the Company may be redeeming for the sinking fund on such interest payment date.

(b) Any moneys received by the Trustee at any time as the purchase price of Subordinated Income Notes issued pursuant to the Note Purchase Agreement in respect of a Depreciation Fund Deficiency as provided therein shall, to the extent of the portion thereof, if any, which is in excess of the amount of cash which the Company is obligated to deposit with the Trustee pursuant to §5.23(a) (without any deduction permitted by §5.23(b)) on the April 1 or October 1 immediately following the date of receipt of the particular moneys by the Trustee, be applied by the Trustee, upon the written request of the Company delivered to the Trustee, toward the redemption price of Bonds being redeemed on said April 1 or October 1 for the sinking fund for Bonds of the 1978 Series pursuant to §3.08 or §3.09 hereof or for the sinking fund for Escrow Bonds.

(c) All other moneys received by the Trustee pursuant to §5.23 or as the purchase price of Subordinated Income Notes issued for any purpose pursuant to the Note Purchase Agreement which have not been paid out or applied pursuant to Subdivisions (a) or (b) of this §9.08 shall, within the period specified below, be paid over from time to time by the Trustee to or upon the written order of the Company in the manner provided for the withdrawal of funds under §9.01, upon delivery to the Trustee of the certificates, opinions and cash, if any, specified in §9.01, except that the Engineer's Certificate filed pursuant to Subdivision (b)(i) of §9.01 shall show that the gross property additions included in such certificate were purchased, constructed, acquired or expended by the Company after a date fifteen months prior to the date of receipt thereof by the Trustee.

(d) The right of the Company to withdraw any moneys received by the Trustee pursuant to §5.23 or as the purchase price of Subordinated Income Notes issued pursuant to any provision of the Note Purchase Agreement shall terminate three years after the date of receipt of such moneys by the Trustee, except as to any remaining balances of less than \$25,000; and all such funds held by the Trustee as to which the Company's right of withdrawal shall have terminated

shall be applied by the Trustee to the redemption of Bonds. So long as any Bonds of the 1978 Series are outstanding, the amount so applied to redemption shall be apportioned between the Bonds of the 1978 Series and any other series of Originally Contemplated Bonds on the pro rata basis provided in §9.07 with respect to Bonds of the 1978 Series and Bonds of other series, and the redemption of the Bonds of the 1978 Series being so redeemed shall be made in accordance with the provisions of §3.06(c).

§9.09. The Company may, at any time at its election (whether at or prior to the maturity of all the Bonds and coupons or the redemption date of the particular Bonds), deposit cash with the Trustee or a paying agent for the payment at maturity of all the Bonds and coupons or for the redemption of all of the Bonds or of particular Bonds and coupons theretofore called for redemption specified by the Company at the time of such deposit. Any moneys so deposited by the Company shall not be included in the trust estate but shall be received by the Trustee or such paying agent for the account of the holders of the Bonds and coupons to be so paid or redeemed and shall be paid to them, respectively, at maturity or on the redemption date, upon the presentation or surrender of their Bonds and coupons, together, in the case of Bonds called for redemption, with all unmatured coupons appertaining thereto. Upon surrender by the Company from time to time to the Trustee or a paying agent for cancellation prior to such maturity or redemption date, as the case may be, of any of the Bonds, with all unmatured coupons appertaining thereto, against which such deposit shall have been made, the Company shall be entitled to receive from the Trustee or such paying agent the cash held in respect of such Bonds and coupons so surrendered.

Any moneys so deposited with the Trustee or a paying agent by the Company for the payment or redemption of Bonds and coupons and remaining unclaimed by the bearers or registered owners of Bonds or the bearers of the coupons for six years after the date of each such maturity or redemption shall, upon the written request of the Company therefor, be repaid by the Trustee or the paying agent to the Company, and such bearers or registered owners of the Bonds and holders of the coupons shall thereafter be entitled to look to the Company and only to the Company for payment thereof. The Trustee or any paying agent,

before being required to make any such payment to the Company, may at the expense of the Company cause a notice to be published once in an authorized newspaper in each city in which the Bonds and coupons are payable, stating that such moneys remain unclaimed as aforesaid and that after a date stated therein any balance thereof then remaining will be returned to the Company, but neither the Trustee nor any paying agent shall be under any duty to cause such notice to be published.

§9.10. Any moneys held by the Trustee as a part of the trust estate (including moneys deposited with the Trustee pursuant to §4.02) shall on the written order of the Company be invested or reinvested by the Trustee in any bonds or other obligations maturing not more than five years after their acquisition, designated by the Company, and not disapproved by the Trustee, which as to principal and interest constitute direct obligations of or obligations fully guaranteed by the Government of Canada, or direct obligations of the United States of America, but the Trustee shall not be required to make any such investment after it has cancelled and discharged the lien of this Indenture in accordance with Article 17. The Company shall promptly reimburse the Trustee for any premium (over principal amount) or accrued interest paid upon the purchase of any such government obligations pursuant to the foregoing provisions, and for any expenses incurred by it in connection with the purchase or sale thereof, including any brokerage commissions.

Until an event of default hereunder shall occur and be continuing, any interest on such bonds, obligations and securities which may be received by the Trustee shall be forthwith paid to the Company; provided, that if at any time the market value of such bonds, obligations and securities shall be less than their principal amount or cost, whichever is the less, the Trustee shall out of any such interest collected by it and not theretofore paid over to the Company, retain an amount sufficient to make up such deficit so long as such deficit shall exist. Such bonds, obligations and securities and retained interest shall be held by the Trustee as a part of the trust estate, but, upon a like request of the Company or at any time when the Trustee in its discretion shall deem such action advisable, the Trustee shall sell all or any designated part of the same, and the proceeds of such sale shall be held by the Trustee subject to the same provisions hereof as the cash used by it to purchase the bonds or other obligations so sold. In case

the net proceeds realized upon any sale, together with any interest held with respect thereto, shall amount to less than the principal amount or cost, whichever is less, of the bonds or other obligations so sold, the Company shall promptly pay to the Trustee the amount of the difference between the principal amount or cost, whichever is less, and the net proceeds and interest held with respect thereto, and the amounts so paid shall be held by the Trustee in like manner and subject to the same conditions as the proceeds realized upon such sale. The Company, until an event of default hereunder shall occur and be continuing, shall be entitled to receive any amount realized from the sale of the bonds or other obligations so sold in excess of the purchase price thereof plus the amount of any premium thereon theretofore paid by the Company to the Trustee.

Whenever the Company, upon any application for which provision is made in this Indenture in respect of the withdrawal of cash held by the Trustee, shall become entitled to the payment to it by the Trustee of any moneys theretofore deposited with or then held by the Trustee under this Indenture, the Company shall accept bonds or other obligations held by the Trustee as part of the trust estate pursuant to this §9.10, to the extent that such bonds or other obligations shall be tendered to it by the Trustee in lieu of cash, and such bonds or other obligations shall be accepted in lieu of such cash at the cost thereof to the trust estate.

Any moneys at any time held by the Trustee as part of the trust estate may at any time or from time to time be held by the Trustee in Canadian funds or United States funds and may be converted and reconverted from one to the other as the Trustee shall in its discretion see fit.

§9.11. Except as otherwise expressly permitted by this §9.11, no cash held by the Trustee as a part of the trust estate shall be paid over to or upon the order of the Company or applied to the purchase or redemption of Bonds pursuant to this Article 9 if the Company is in default hereunder, or by the making of the payment, purchase or redemption will be in default hereunder, and the Company shall furnish to the Trustee, in connection with each application pursuant to this Article 9, an Officers' Certificate, dated within ten days before the date of such application, stating that, so far as is known to the signers thereof, the Company is not, and by the making or granting of the

application will not be, in default in the performance of any of the terms or covenants of this Indenture. In case the trust estate shall be in the possession of a receiver or a receiver and manager lawfully appointed, the powers by this Article 9 conferred upon the Company may be exercised by such receiver or receiver and manager with the approval of the Trustee if the Company is in default hereunder, and in such event a writing signed by such receiver or receiver and manager may be received by the Trustee in lieu of any certified resolution required by the provisions of this Article 9, and such receiver or receiver and manager may make any certificate required by this Article 9 to be made by an officer or officers of the Company. If the Trustee hereunder shall be in possession of the trust estate under any provision of this Indenture, then all powers by this Article 9 conferred upon the Company may be exercised by the Trustee in its discretion.

ARTICLE 10.

Remedies Upon Default.

§10.01. In case any one or more of the following events (herein called "*events of default*") shall have occurred (for any reason whatsoever and whether such occurrence shall, on the part of the Company or the Crown Corporation or Trunk Line, be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of a court of competent jurisdiction or any order, rule or regulation of any administrative or governmental body) and be continuing, that is to say:

(a) default shall be made in the due and punctual payment of the principal of or premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity or otherwise;

(b) default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable as in such Bond or in this Indenture or any indenture supplemental hereto expressed, or in the due and punctual payment or satisfaction of any sink-

ing fund obligation in respect of any of the Bonds, or in the performance of any covenant contained in §5.20, and any such default shall have continued for a period of 30 days;

(c) default shall be made by the Company in the performance of any covenant contained in §3.07, in the last sentence of §5.16 or in §5.19, §5.25, §5.26 or §5.27;

(d) default shall be made by the Company in the performance of any covenant contained in §5.13(a), §5.14 or in the first three sentences of §5.16, provided that in the case of any such default which was not wilful on the part of the Company such default shall have continued for a period of 30 days;

(e) default shall be made by the Company in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or any indenture supplemental hereto or in the Bonds contained and such default shall have continued for a period of 60 days after written notice to the Company by the Trustee or to the Company and the Trustee by the holders of not less than 25% in principal amount of Bonds at the time outstanding, provided, however, that an amendment or modification of a gas purchase, gas sales or transportation contract or gas products sale contract subject to the specific lien hereof not permitted under §7.02(c) shall not be a default hereunder if required by a valid rule, regulation or order of a competent governmental body and if there shall have been filed with the Trustee a certified copy of such rule, regulation or order and an Opinion of Counsel as to its validity and stating in substance that the amendment or modification is required thereby;

(f) a decree or order shall have been entered by a court of competent jurisdiction adjudging the Company a bankrupt or insolvent or subject to the provisions of the Winding-up Act or Bankruptcy Act or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency or appoint-

ing a receiver or decreeing or ordering the winding up or liquidation of the affairs of the Company or the sequestration of a substantial part of the trust estate, and any such decree or order shall remain in force undischarged and unstayed for a period of 60 days;

(g) the Company shall institute proceedings to subject itself to the Winding-up Act or to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due;

(h) final judgment for the payment of money in an amount in excess of \$100,000 shall be rendered against the Company, and the Company shall not discharge the same or provide for its discharge in accordance with its terms or procure a stay of execution thereon within 30 days from the entry thereof or shall not within said period of 30 days, or such longer period during which execution on such judgment shall have been stayed, appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment shall have been granted, passed or entered and cause the execution thereof to be stayed during such appeal;

(i) the Company shall fail to deliver the certificates required to be delivered pursuant to subparagraph (d) of paragraph 4 of the Note Purchase Agreement and any such failure shall have continued for a period of 30 days;

(j) default shall be made by Crown Corporation, the Government of Canada or Trunk Line in the performance of their respective obligations under the Crown Corporation Lease, the Northern Ontario Section Contract and the Trunk Line Contract and, as to a default in carrying out the construction programs contemplated by such Lease and such Contracts, any such default

shall have continued for a period of 30 days and, as to all other defaults, any such other default shall have continued for a period of 60 days after written notice to the Company by the Trustee or to the Company and the Trustee by the holders of not less than 25% in principal amount of Bonds at the time outstanding;

(k) the Crown Corporation Lease (prior to the purchase of the Northern Ontario Section by the Company), the Northern Ontario Section Contract or the Trunk Line Contract shall cease to be a valid and binding agreement (subject to such sovereign rights of the Government of Canada as shall exist with respect to the obligations of that Government under the Northern Ontario Section Contract), or shall have been cancelled, or shall have been modified or amended in any material respect other than (i) pursuant to §7.02(d), (ii) with the consent of the Bondholders given pursuant to Article 16 or (iii) as required by a valid rule, regulation or order of a competent governmental body, if in the case of any such rule, regulation or order, there shall have been filed with the Trustee within 30 days after such amendment or modification (A) a certified copy of such rule, regulation or order and an Opinion of Counsel as to its validity, and stating in substance that the amendment or modification is required thereby and (B) an Independent Engineer's Certificate stating that the amendment or modification, in the opinion of the signer, does not materially and adversely affect the program of construction of the Pipe Line System or the Trunk Line System or the ability of the Company to carry on its business or perform its obligations under this Indenture;

(l) the amendment or modification of the export permit dated May 14, 1954, as from time to time amended or supplemented, issued to the Company by the Petroleum and Natural Gas Conservation Board of Alberta, unless there shall have been filed with the Trustee within 30 days after such amendment or modification (A) a certified copy of a rule, regulation or order effecting such amendment or modification and (B) an Independent Engineer's Certificate stating that the amendment or modification, in the opinion of the signer, does not materially and

adversely affect the ability of the Company for the time being to supply gas to its customers to meet daily requirements in accordance with its gas sales contracts then in effect;

(*m*) the revocation of the export permit dated May 14, 1954, described in the preceding subparagraph (*l*); or the revocation of Order No. 84220 dated July 24, 1954, as from time to time amended or supplemented, issued to the Company by The Board of Transport Commissioners for Canada permitting the construction of the Project, or the taking of other action by that Board, or other duly constituted governmental body of Canada, which shall prohibit the construction or operation of the Project; or the revocation of Permit No. 1 dated December 29, 1955, as from time to time amended or supplemented, issued by the Minister of Highways of the Province of Alberta to Trunk Line permitting the construction of the Trunk Line System, or the taking of other action by that Board, or other duly constituted governmental body of that Province, which shall prohibit the transportation of natural gas through the Trunk Line System to the western terminus of the Pipe Line System for export from that Province; or the repeal of the Special Act of the Parliament of Canada, Statutes of Canada, 1956, 4-5 Elizabeth II, Chapter 10, creating Crown Corporation and authorizing construction of the Northern Ontario Section, or the taking of other action by the Parliament of Canada, or other duly constituted governmental body of Canada, which shall prohibit the construction or operation of the Northern Ontario Section or the leasing thereof to the Company under the Crown Corporation Lease; provided, however, that such revocation, repeal or other action shall not be an event of default if the governmental authorization to which such revocation, repeal or other action relates is no longer required for the construction or operation of the Project, the Northern Ontario Section or the Trunk Line System, as the case may be; or

(*n*) acceleration of the maturity of any indebtedness of the Company for borrowed money in an aggregate amount in excess of \$100,000;

then, and in each and every such case, the security hereby constituted shall become enforceable and either the Trustee or the holders of not less than 25% in principal amount of Bonds at the time outstanding may declare the principal amount of all Bonds, if not already due and payable, to be immediately due and payable; and upon any such declaration all Bonds and all other moneys secured hereby shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding. Any such declaration by the Trustee may be made by notice in writing by the Trustee to the Company, and any such declaration by the holders of not less than 25% in principal amount of Bonds at the time outstanding may be made by notice in writing by such Bondholders to the Company and to the Trustee. The right of the Trustee or of the holders of not less than 25% in principal amount of Bonds at the time outstanding to make any such declaration as aforesaid, however, is subject to the condition that, if at any time after the principal of the Bonds shall have been so declared due and payable and prior to the date of maturity thereof as stated in the Bonds and before any sale of the trust estate shall have been made, all arrears of interest upon all such Bonds (with interest, if and to the extent permitted by law, at the rate specified in such Bonds on any overdue installment of interest) and the expenses of the Trustee, its agents and attorneys shall either be paid by the Company or be collected and paid out of the trust estate, and all defaults as aforesaid (other than the payment of principal which has been so declared due and payable) shall have been made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, such default and its consequences may be waived and such declaration rescinded by the holders of more than 50% in principal amount of Bonds at the time outstanding or by extraordinary resolution adopted as provided in Article 16 hereof (whether or not such declaration shall have been made by the Trustee or by the holders of not less than 25% in principal amount of Bonds at the time outstanding, as aforesaid); but no such waiver shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

§10.02. The Company agrees, to the full extent that it may lawfully so agree, that in case an event of default shall occur and be continuing, the Company upon demand of the Trustee shall forthwith surrender to the Trustee the possession of, and it shall be lawful for the

Trustee, by its officers, agents or attorneys to take possession of all or any part or parts of the mortgaged property with power to exclude the Company, its agents and servants, therefrom; carry on, manage, and conduct the business operations of the Company; preserve and maintain the mortgaged property and make such replacements thereof and additions thereto as it shall deem judicious; receive the rents, incomes and profits thereof of any kind whatsoever and pay them out in accordance with the provisions of §10.07; and enjoy and exercise all powers necessary to the performance of all functions provided for in this paragraph, including, but not in limitation thereof, the power to purchase on credit, borrow money in the Company's or its own name, and advance its own moneys at such rates of interest as it may deem reasonable (the debts representing all of which purchases, borrowings, and advances, together with interest thereon, while unpaid, to be entitled to the security hereof in priority to the Bonds); provided that the Trustee shall, upon all defaults being made good, or waived as herein provided, restore the said property to the Company subject to the mortgages and charges created by this Indenture as if no default had occurred. The same right of entry, however, shall exist upon any subsequent default.

In the event of the Trustee or of any receiver or receiver and manager of the trust estate or any part thereof restoring and delivering the same to the Company, it is hereby declared and provided that such part of the trust estate so restored and delivered to the Company as previous to the possession by the Trustee or by the receiver or receiver and manager was subject to the floating charges created by Section B of the Granting Clauses shall thereupon become again and be subject to such floating charges as fully and to the same extent as if no event of default had occurred, and the Company shall execute contemporaneously with such restoration any deeds or other instruments which the Trustee may deem necessary or desirable for such purpose.

§10.03. The Company covenants that (i) in case default shall be made in the due and punctual payment of any installment of interest on any of the Bonds as and when the same shall become due and payable, and such default shall have continued for a period of 30 days or (ii) in case default shall be made in the due and punctual payment of the principal of or premium, if any, on any of the Bonds when the same

shall have become due and payable, whether at maturity or by redemption, declaration pursuant to §10.01 or otherwise, then, upon demand of the Trustee, the Company shall pay to the Trustee, for the benefit of the holders of the Bonds, the whole amount that then shall have become due and payable on all the Bonds for principal (and premium, if any) or interest, or both, as the case may be, with interest upon the overdue principal (and premium, if any) and upon overdue installments of interest; and in case the Company shall fail to pay the same forthwith upon such demand, the Trustee in its own name and as trustee of an express trust shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization or other similar judicial proceedings, relative to the Company or its property, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this §10.03) shall, if permitted by law, be entitled and empowered to file and prove a claim or claims for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Bonds or for any amounts owing with respect to the Subordinated Debentures or the Subordinated Income Notes to which the Trustee or the holders of the Bonds shall be entitled, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Bondholders hereunder or on the Bonds or with respect to the Subordinated Debentures or the Subordinated Income Notes allowed in such judicial proceedings, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amount payable to the Trustee for compensation and expenses, including counsel fees; and any trustee in bankruptcy or receiver is hereby authorized by each of the Bondholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for compensation and expenses, including counsel fees, incurred by it down to the date of such payment. Nothing herein contained shall be deemed to authorize or empower the

Trustee, except in accordance with action taken under Article 16, to consent to or accept or adopt, on behalf of any holder of Bonds, any plan of reorganization or readjustment of the Company affecting the Bonds or the rights of any holder thereof, or to authorize or empower the Trustee to vote in respect of the claim of any holder of any Bonds in any such proceedings.

The Trustee, if permitted by law, shall be entitled to sue for and recover judgment and to file and prove such claims, as aforesaid, either before or after or during the pendency of any proceedings involving the enforcement of the lien of this Indenture or of any of its rights or the rights of the Bondholders under this Indenture and the right of the Trustee to recover such judgment or to file and prove claims, as aforesaid, shall not be affected by any entry or sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture or for the foreclosure of the lien hereof. In case of a sale of any of the trust estate and of the application of the proceeds of sale to the payment of the debt hereby secured, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all the Bonds then outstanding, for the benefit of the holders thereof, and the Trustee shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest as aforesaid. No recovery of any such judgment by the Trustee and no levy of any execution pursuant thereto upon the trust estate or any other property, shall in any manner or to any extent, except as otherwise provided by law, affect the lien of this Indenture upon the trust estate or any thereof, or any rights, powers, or remedies of the Trustee under this Indenture or any lien, rights, powers or remedies of the Bondholders; but such lien, rights, powers and remedies of the Trustee and of the Bondholders shall continue unimpaired as before.

§10.04. In case the security hereby constituted shall become enforceable as herein provided and the event of default which gave rise to such right to enforce shall be continuing, and the Company shall have failed to pay to the Trustee on demand the principal, premium, if any, and interest due upon all of the Bonds outstanding, together with all other sums due and payable by it hereunder, the Trustee, with or without entry, in its discretion, subject to the provisions of §10.08 hereof, may,

and shall at the written request of the holders of at least 66⅔% of the Bonds at the time outstanding or when directed by a resolution passed at a meeting of Bondholders held as provided in Article 16:

(1) sell, subject to any mandatory requirements of applicable law, the trust estate as an entirety, or in any such parcels as the Trustee may determine or as the holders of at least 66⅔% in principal amount of the Bonds then outstanding shall have in writing requested, or as the Bondholders may have directed by a resolution passed at a meeting of Bondholders passed as provided in Article 16, at public auction at such place and at such time (which sale may be adjourned by the Trustee from time to time in its discretion by announcement at the time and place fixed for such sale without further notice) and upon such terms as the Trustee may fix and specify in a notice of sale to be published once in each week for four successive weeks prior to such sale in one authorized newspaper in each of the Cities of Toronto, Montreal and New York; or

(2) proceed to (i) protect and enforce its rights and the rights of the Bondholders under this Indenture and under all deeds of subordination by sale under judgment or decree in any judicial proceedings or by a suit or suits in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or any deed of subordination or in aid of the execution of any power granted in this Indenture or any deed of subordination or for the enforcement of the security created by this Indenture, or for the enforcement of any other proper legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights or duties of the Trustee or the Bondholders, and (ii) give written notice to the trustee under the Subordinated Debenture Indenture that such event or events of default have occurred and are continuing.

No person dealing with the Trustee or its agents shall be concerned to inquire whether the security hereby constituted has become enforceable, or whether the powers which the Trustee is purporting to exercise have become exercisable, or whether any money remains due upon the

security of this Indenture or the Bonds, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Trustee with the mortgaged property, or to see to the application of any money paid to the Trustee; and, in the absence of fraud on the part of such person, such dealing shall be deemed, so far as regards the safety and protection of such person, to be within the powers hereby conferred and to be valid and effectual accordingly.

§10.05. Upon any sale of any of the trust estate, whether made under the power of sale given by this Article 10 or under judgment or decree in any judicial proceedings:

(1) the principal of and accrued interest on all Bonds then outstanding, if not previously due, shall at once become and be immediately due and payable;

(2) any Bondholder may bid for and purchase the property sold, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in his own absolute right without further accountability, and may, in paying the purchase money therefor, deliver any of the Bonds then outstanding or claims for interest thereon in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Bonds, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the holders thereof after being appropriately stamped to show partial payment;

(3) the Trustee may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale and instrument of assignment and transfer of the property sold;

(4) the Trustee is hereby irrevocably appointed the true and lawful attorney of the Company, in its name and stead, to make all necessary deeds, bills of sale and instruments of assignment and transfer of the property thus sold; and for that purpose it may execute all necessary deeds, bills of sale and instruments of assignment and transfer, and may substitute one or more

persons, firms or corporations with like power, the Company hereby ratifying and confirming all that its said attorney, or such substitute or substitutes, shall lawfully do by virtue hereof; but if so requested by the Trustee or by any purchaser, the Company shall ratify and confirm any such sale or transfer by executing and delivering to the Trustee or to such purchaser or purchasers all proper deeds, bills of sale, instruments of assignment and transfer and releases as may be designated in any such request;

(5) all right, title, interest, claim and demand whatsoever, either at law or in equity or otherwise, of the Company of, in and to the property so sold shall be divested. Such sale shall be a perpetual bar both at law and in equity against the Company, its successors and assigns, and against any and all persons claiming or who may claim the property sold or any part thereof, from, through or under the Company, its successors and assigns; and

(6) the receipt of the Trustee or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money, and such purchaser or purchasers, and his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or nonapplication thereof.

Upon a sale of substantially all the trust estate, whether made under the power of sale hereby granted or under judgment or decree in any judicial proceedings, the Company will permit the purchaser thereof and its successors and its and their assigns, to take and use the name of the Company and to carry on business under such name or any variant or variants thereof and to use and employ any and all other trade names, brands and trade-marks of the Company, and in such event, upon written request of such purchaser or its successors, or its or their assigns, the Company will, at the expense of the purchaser, change its name in such manner as to eliminate any similarity.

§10.06. In case an event of default shall occur and be continuing and upon the commencement of judicial proceedings to enforce the rights of the Trustee or of the Bondholders under this Indenture or any deed of subordination, the Trustee shall, to the extent permitted by law, be entitled as a matter of right to the appointment of a receiver or a receiver and manager of the trust estate and of the rents, issues, tolls, profits, revenues and income thereof, pending such proceedings, with such powers as the court making such appointment shall confer, and to the entry of an order directing that the rents, issues, tolls, profits, revenues and other income of the property constituting the whole or any part of the trust estate be segregated, sequestered and impounded for the benefit of the Trustee and the Bondholders and the Company hereby irrevocably consents to the appointment of such receiver or receiver and manager and to the entry of such order; provided, however, that, notwithstanding the appointment of any receiver or receiver and manager the Trustee shall be entitled to retain possession and control of, and to collect all interest or dividends or earnings on, all cash, securities and obligations held by or deposited or pledged with the Trustee pursuant to any provision of this Indenture.

§10.07. Any moneys collected by the Trustee pursuant to this Article 10, including any rents, issues, tolls, profits, revenues and other income collected pursuant to §10.02 hereof and any proceeds of any sale, whether made under any power of sale herein granted or pursuant to judicial proceedings or otherwise, together with any other moneys which may then be held by the Trustee under any of the provisions of this Indenture, other than any such moneys held for the payment of principal, premium, or claims for interest on particular Bonds, shall be applied as follows:

FIRST: To the payment of all taxes, assessments or liens prior to the lien of this Indenture except those subject to which any sale shall have been made, all costs and expenses of collection, including the costs and expenses of operating and managing the mortgaged property and reasonable compensation to the Trustee, its agents and attorneys, and to the payment of all expenses, liabilities and advances incurred or made by the Trustee and to the repayment of all borrowings, if any, which the Trustee shall have made (without negligence or bad faith by the Trustee), in and about the execution of its trust hereunder.

SECOND: To the payment of the principal of all of the Bonds, and thereafter in or towards payment of the premium (if any) on the Bonds and lastly in or towards payment of the accrued and unpaid interest on principal (and on premium, if any) and on overdue installments of interest (or if the Bondholders, by instrument in writing signed by the holders of not less than 66⅔% in principal amount of the Bonds or by extraordinary resolution passed at a meeting of Bondholders shall have directed payments to be made in accordance with any other order of priority, or without priority as between principal, premium and interest, then such moneys shall be applied in accordance with such direction); provided, however, that if the time for the payment of any coupon or claim for interest upon any of the Bonds shall have been extended, or if any thereof shall have been purchased, funded, transferred or pledged, in contravention of the provisions of §5.02, such coupon or claim for interest shall not be entitled in case of default hereunder to the benefit or security of this Indenture except subject to the prior payment in full of the principal of and premium (if any) on all the Bonds then outstanding and of all the coupons or claims for interest on such Bonds the payment of which has not been so extended, or so purchased, funded, transferred or pledged.

THIRD: Any balance then remaining shall be paid to the Company or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Notice shall be given by the Trustee of any payment to be made under this Article 10 to the holders of the Bonds. Such notice shall state the date and place when and where such payment is to be made and the amount to be paid on or in respect of the Bonds and shall be published once in each of two separate calendar weeks in one authorized newspaper in each of the Cities of Montreal, Toronto and New York, the first of such publications to be not less than 21 days prior to the payment date, and shall be mailed not less than 21 days prior to the payment date to all registered holders of Bonds at their respective addresses appearing on the bond registry books of the Company. After the date so fixed, unless payment shall have been duly demanded and have been refused, the holders of the Bonds will be entitled to interest only on the balance (if any) of the principal moneys, premium, if any, and interest due to them respectively, after deduction of the amount payable in respect thereof on the date so fixed.

The Trustee shall not be bound to apply or make any partial or interim payment of any moneys coming into its hands if the amount so received by it is insufficient to make a distribution of at least 2% of the aggregate principal amount of the Bonds, but it may retain the money so received by it until the money or the investments representing the same, with the income derived therefrom, together with any other moneys for the time being under its control, shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth.

The receipt of the bearer, or, if registered as to principal only, of the registered holder, of each of the Bonds for moneys paid on account of the principal thereof, and premium (if any) thereon and of the registered holder of fully registered Bonds for moneys paid on account of the principal thereof, premium (if any) and interest due thereon, and of the bearer of a coupon shall be a good discharge to the Trustee and to the Company. Delivery by the bearer of a Bond payable to bearer or of a coupon and delivery by the registered holder thereof of a coupon Bond registered as to principal or of a fully registered Bond shall, moreover, be a good discharge for the principal moneys, premium, if any, and interest evidenced by such instruments respectively.

The Trustee shall have the right at the time it makes any payment of principal, premium or interest required by this §10.07 to demand of the person claiming such payment the production of the actual Bond or coupon under which he claims such payment be made, and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement in any special case, upon such indemnity being given as it shall deem sufficient.

§10.08. Upon the written request of the holders of not less than 66⅔% in principal amount of the Bonds then outstanding, or when so directed by a resolution passed at a meeting of Bondholders held as provided in Article 16, in case an event of default shall occur and be continuing, the Trustee, with or without entry, shall proceed to protect and enforce its rights and the rights of the Bondholders under this Indenture and under the deeds of subordination by sale under the power of sale herein granted or under judgment or decree in any judicial proceedings or by a suit

or suits in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or any deed of subordination, or in aid of the execution of any power granted herein or therein, or for enforcement of the security created by this Indenture, or for the enforcement of any other proper legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights or powers of the Trustee or the Bondholders, or, in case such Bondholders shall have requested a specific method of enforcement permitted hereunder and the Trustee shall have received indemnity as in Subdivision (d) of §14.01 hereof provided, in the manner so requested.

Anything herein contained to the contrary notwithstanding, all of the powers, remedies, and rights of the Trustee and the holders of the Bonds as set forth in the deeds of subordination may be exercised from time to time as therein provided.

The holders of not less than 66 $\frac{2}{3}$ % in principal amount of the Bonds at the time outstanding, or the Bondholders by resolution passed at a meeting held as provided in Article 16, shall have the right to direct the method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that such direction shall not be in conflict with the provisions of law or of this Indenture or any deed of subordination and that the Trustee shall not determine that the action so directed would be unjustly prejudicial to the rights of non-assenting Bondholders.

§10.09. No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law or otherwise upon or under or with respect to this Indenture or any deed of subordination or for the appointment of a receiver or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of a continuing event of default and unless also the holders of not less than 25% in principal amount of the Bonds then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have failed to institute

any such action, suit or proceeding; it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture, to affect, disturb or prejudice the lien of this Indenture or the rights of the holders of any other Bonds or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein or therein provided and for the equal, ratable and common benefit of all holders of Bonds.

Notwithstanding any provisions in this Indenture, the right of any holder of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond, on or after the respective due dates expressed in such Bond (or, in the case of redemption, on or after the date fixed for redemption), or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such holder.

§10.10. No remedy herein conferred upon or reserved to the Trustee or to the holders of Bonds is intended to be exclusive of any other remedy or remedies, and each and every remedy shall, to the extent permitted by law, be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Trustee or of any holder of Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every right, power and remedy given by this Article 10 to the Trustee and to the holders of Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the holders of Bonds, as the case may be. In case the Trustee or any Bondholder shall have proceeded to enforce any right under this Indenture or any deed of subordination and the proceedings for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or to such Bondholder, then and in every such case the Company, the Trustee and the Bondholders shall, subject to any determination in such proceedings, severally and respectively be restored to their former positions and rights hereunder and thereafter all rights, remedies and powers of

the Trustee shall continue as though no such proceedings had been taken.

All rights of action and of asserting claims upon or under or filing proofs of claim with respect to this Indenture or any of the Bonds or any deed of subordination may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the outstanding Bonds, subject, however, to the provisions of §5.02 with respect to extended, purchased, funded, transferred or pledged coupons or claims for interest.

§10.11. Prior to the declaration of the maturity of the Bonds as provided in §10.01 hereof, the holders of not less than 66⅔% in aggregate principal amount of the Bonds at the time outstanding, including not less than 66⅔% in aggregate principal amount of the Bonds of the 1978 Canadian Series and not less than 66⅔% in aggregate principal amount of the Bonds of the 1978 United States Series at the time outstanding, may on behalf of the holders of all of the Bonds waive any past default and its consequences, except a default in the payment of the principal of (or premium, if any) or interest on any of the Bonds or any other default in respect of a covenant which can not be modified or waived without the consent of the holders of all the Bonds or of all the Bonds of a particular series or of each Bond affected. In the case of any such waiver, the Company, the Trustee and the holders of the Bonds shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

§10.12. In case an event of default affecting the rights of the holders of Bonds of any one or more series which does not similarly affect the rights of holders of all other series of Bonds at the time outstanding shall have occurred and be continuing, then whatever action may or shall be taken under this Article 10 upon the occurrence of such event of default by or upon the request of the holders of a specified percentage in principal amount of the Bonds then outstanding, may or shall be taken in respect of the Bonds then outstanding of the series as

to which such default shall have been made, by or upon the request of the holders of the same percentage in principal amount of the Bonds of such series then outstanding.

§10.13. All rights, remedies and powers provided by this Article 10 may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article 10 are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

ARTICLE 11.

Evidence of Rights of Bondholders.

§11.01. Any demand, request, consent or other instrument, which this Indenture may require or permit to be signed and executed by the Bondholders, may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by attorney appointed in writing. Proof of the execution of any such demand, request, consent or other instrument, or of a writing appointing any such attorney, or of the holding by any person of the Bonds or coupons, shall be sufficient for any purpose of this Indenture if made in the following manner:

(a) The fact and date of the execution by any person of such demand, request, consent or other instrument or writing may be proved by the certificate of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in any province or state, that the person signing the same acknowledged to him the execution thereof, or by an affidavit of a witness of such execution.

(b) The amount of Bonds transferable by delivery held by any person executing such demand, request, consent or other instrument as a Bondholder, and the series and serial numbers

thereof, held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depositary wheresoever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with or exhibited to such depositary the Bonds described in such certificate. The continuance of any such ownership for a period of one year from the date of such certificate shall be presumed unless and until the Trustee receives proof, satisfactory to it, to the contrary.

The Trustee may nevertheless in its discretion require further proof in cases where it deems further proof desirable. The ownership of registered Bonds shall be proved by the registry books.

The Trustee shall not be bound to recognize any person as a Bondholder unless and until his title to the Bonds held by him is proved in the manner in this Article 11 or in Article 16 provided.

Subject to the provisions of Article 16, any demand, request or consent of the holder of any Bond shall bind all future holders of the same Bond, or any Bond or Bonds issued in exchange therefor, in respect of anything done or suffered by the Company or the Trustee in pursuance thereof.

ARTICLE 12.

Immunity of Incorporators, Shareholders, Officers and Directors.

§12.01. No recourse shall be had for the payment of the principal of, or the interest or premium, if any, on, any Bond, or for any claim based thereon or on this Indenture or any indenture supplemental hereto against any incorporator or against any shareholder, director or officer, past, present or future, of the Company, or of any predecessor or successor corporation, as such, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or

otherwise, of incorporators, shareholders, directors or officers being released as a condition of and as a part of the consideration for the execution of this Indenture and of the issue of the Bonds and coupons.

ARTICLE 13.

Consolidation, Amalgamation, Merger and Sale.

§13.01. Nothing in this Indenture contained, or in any Bond secured hereby, shall prevent the consolidation or amalgamation of the Company with, or the merger of the Company into, any other corporation, or prevent the sale or lease by the Company of its property, undertakings and assets (including the specifically mortgaged property) as an entirety or substantially as an entirety to any other corporation (any such corporation resulting from such a consolidation or amalgamation or into which the Company shall have been merged or to which such a sale or lease is made by the Company being hereafter in this Article 13 called the "successor corporation"), provided that:

(a) The successor corporation shall be a corporation incorporated under the laws of Canada, and any such consolidation, amalgamation, merger, sale or lease shall be on such terms as not to impair the lien and security of this Indenture upon any part of the trust estate or any of the rights and powers of the Trustee or of the holders of the Bonds.

(b) In case of any such consolidation, amalgamation, merger into another corporation or sale, the Company shall file with the Trustee prior to or simultaneously with such consolidation, amalgamation, merger or sale:

(i) An Independent Engineer's Certificate dated within 30 days prior to the date of such consolidation, amalgamation, merger or sale but as of a time immediately after such consolidation, amalgamation, merger or sale setting forth the then aggregate fair value and the aggregate cost to the successor corporation of the properties then owned by the successor corpo-

ration (without limitation as to the date of acquisition) subject to a lien or liens (other than a lien or liens junior to the lien of this Indenture) securing indebtedness of the successor corporation then outstanding;

(ii) An Independent Chartered Accountant's Certificate dated within 30 days prior to the date of such consolidation, amalgamation, merger or sale but as of a time immediately after such consolidation, amalgamation, merger or sale stating that:

(A) the principal amount of indebtedness of the successor corporation then outstanding which is secured by a lien or liens (other than a lien or liens junior to the lien of this Indenture) on the properties then owned by the successor corporation will not exceed 60% of the lesser of the aggregate cost or the aggregate fair value of such properties as stated in the Independent Engineer's Certificate provided for in paragraph (i) of this Subdivision (b);

(B) the net earnings of the successor corporation available for interest and property retirement appropriations, including such net earnings of all property to be owned by the successor corporation immediately after such consolidation, amalgamation, merger or sale (all determined in the manner provided in Part I of Article 1), for any 12 consecutive calendar months during the period of 15 calendar months immediately preceding the first day of the month in which such consolidation, amalgamation, merger or sale is made shall have been in the aggregate not less than (1) $3\frac{1}{2}$ times the amount of the annual interest charges on all indebtedness of the successor corporation then outstanding secured by a lien or liens (other than a lien or liens junior to the lien of this Indenture) on any property then owned by the successor corporation, and (2) $1\frac{1}{2}$ times the maximum annual service charge on all such indebtedness; and

(C) the net earnings of the successor corporation available for interest, including such net earnings of all property owned by the successor corporation immediately after such consolidation, amalgamation, merger or sale (all determined

in the manner provided in Part I of Article 1) for the same 12 months' period as under subparagraph (B) of this paragraph (ii), shall have amounted in the aggregate to not less than $2\frac{1}{4}$ times the amount of the annual interest charges upon the indebtedness specified in said subparagraph (B).

(c) The property of the successor corporation shall not be subject to any lien which upon completion of such consolidation, amalgamation, merger or sale will rank prior to or *pari passu* with the lien of this Indenture upon property owned by the Company immediately prior thereto other than a lien which, if it existed upon property of the Company, would not constitute a default by the Company in the performance of its covenant contained in §5.14.

(d) Upon any such consolidation, merger or sale, the due and punctual payment of the principal of and interest on all Bonds at the time outstanding according to their tenor, and, subject to the provisions of §13.03, the due and punctual performance and observance of all the covenants and conditions of this Indenture, shall, by supplemental indenture in form satisfactory to the Trustee and as a condition of any such consolidation, amalgamation or merger or as a consideration for any such sale, be expressly assumed by the successor corporation; and the successor corporation, by said supplemental indenture hereto, shall charge, as and by way of a first floating charge in favour of the Trustee on substantially the same terms as the floating charges created pursuant to Section B of Part II of Article 1 hereof, with the payment of principal of and premium, if any, and interest on the Bonds outstanding hereunder all the undertaking, property and assets for the time being, both present and future, of whatsoever nature and kind and where-soever situate of the successor corporation (including therein all of the property and assets forming the subject matter of the floating charges hereunder at such time and excluding therefrom the mortgaged property which is at the time subject to the specific lien of this Indenture).

(e) Any such lease shall be made expressly subject to immediate termination by the Trustee at any time when any event of default, as specified in §10.01, shall have occurred and be continu-

ing, and also by the purchaser of the property so leased at any sale thereof hereunder, whether such sale be made under the power of sale hereby conferred or under judicial proceedings.

§13.02. Every successor corporation resulting from the consolidation or amalgamation of the Company with another corporation, or the merger of the Company into another corporation, or the sale by the Company of its property, undertakings and assets as an entirety or substantially as an entirety to another corporation, shall, upon executing, acknowledging and delivering to the Trustee, and causing to be recorded and filed, as required by §5.10, an indenture supplemental hereto, as provided in §13.01(d), in form satisfactory to the Trustee, succeed to and be substituted for the Company with the same effect as if it had been named herein as the party of the first part. Such successor corporation may thereupon cause to be signed, either in its own name or in the name of the Company, with such suitable reference, if any, to such consolidation, amalgamation, merger or sale as may be required by the Trustee, any or all of the Bonds which shall not theretofore have been signed by the Company and authenticated by the Trustee; and upon the written order of such successor corporation in lieu of the Company, and subject to the terms, conditions and restrictions herein prescribed with respect to the authentication and delivery of Bonds, the Trustee shall authenticate and deliver any and all Bonds which shall have been previously signed by the proper officers of the Company and delivered to the Trustee for authentication and any of such Bonds which such successor corporation shall thereafter, in accordance with the provisions of this Indenture, cause to be signed and delivered to the Trustee for that purpose. As a condition precedent to the execution by such successor corporation and the authentication and delivery by the Trustee of any Bonds in addition to those at the time outstanding (other than pursuant to §2.13 or upon the basis of refundable Bonds pursuant to §4.06) or to the withdrawal pursuant to §9.04 of any cash deposited with the Trustee pursuant to §4.05, the successor corporation shall subject to the specific lien of this Indenture all of the property, undertakings, assets and franchises then owned or thereafter acquired by it which are of the nature of the specifically mortgaged property hereunder; and in case of the exercise of any other privilege with respect to property additions con-

ferred upon the Company by this Indenture, the successor corporation shall subject all property additions which are made the basis for the exercise of such privilege to the specific lien of this Indenture. All Bonds so authenticated and delivered shall in all respects have the same rank and security as the Bonds theretofore or thereafter authenticated and delivered in accordance with the terms of this Indenture.

Subject to the provisions of §14.02, the Trustee may receive an Opinion of Counsel as conclusive evidence that any supplemental indenture complies with the foregoing conditions and provisions of this §13.02.

§13.03. No consolidation or amalgamation of the Company with, and no merger of the Company into, and no conveyance of all or substantially all of the property, undertakings and assets of the Company to, a successor corporation shall or is intended to subject to the specific lien of this Indenture any or all of the property or franchises of the successor corporation, except as in §13.02 or in this §13.03 provided, unless the successor corporation, in its discretion, shall subject the same to the specific lien hereof or unless the successor corporation shall exercise the privilege of obtaining the authentication and delivery pursuant to §4.02, §4.03, §4.04 or §4.05 of Bonds in addition to those at the time outstanding, or the withdrawal pursuant to §9.04 of moneys deposited with the Trustee pursuant to §4.05, or any other privilege with respect to property additions conferred upon the Company by this Indenture; but the foregoing provisions of this §13.03 notwithstanding, this Indenture shall, after such consolidation, amalgamation, merger or sale, constitute a legal and valid first fixed and specific mortgage hypothec, pledge and charge of the rank herein provided upon all properties, undertakings, assets and franchises acquired by such successor corporation from the Company, which were subject to the specific lien hereof immediately prior to such consolidation, amalgamation, merger or sale, and upon all additions, extensions, improvements, repairs and replacements to or about the plants or properties included in the trust estate immediately prior to such consolidation, amalgamation, merger or sale, or appurtenant to the trust estate as so constituted, including gas purchase contracts, gas sales contracts, gas products sales contracts and gas transportation contracts in respect of such properties and franchises acquired by such successor corporation from the Com-

pany (as distinguished from the additions, extensions, improvements, repairs and replacements to or about the other plants or properties or appurtenant to the other plants or properties of the successor corporation as they existed immediately prior to such consolidation, amalgamation, merger or sale, and as distinguished from other additional plants or properties thereafter acquired by the successor corporation, upon which this Indenture need not constitute a specific lien), and upon all other property, owned by the Company at the time of the consolidation, amalgamation, merger or sale or thereafter acquired by the successor corporation, which by the provisions of this Indenture is required to be subjected to the specific lien hereof.

Nothing contained in this Article 13 shall affect or lessen the extent of the specific lien of this Indenture upon the property of the Company hereafter acquired, by reason of the acquisition by the Company, by merger or otherwise, of all or substantially all of the property of another corporation.

ARTICLE 14.

The Trustee.

§14.01. The Trustee accepts the trusts created by this Indenture and agrees to execute them upon the terms and conditions hereof, including the following, to all of which the parties hereto and the holders from time to time of the Bonds agree:

(a) The Trustee shall be entitled to reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and such compensation, as well as the reasonable compensation of its counsel, and all other reasonable expenses or advances incurred or made by the Trustee hereunder, and all taxes which may have been assessed against the Trustee as such or against any funds on deposit with the Trustee hereunder which the Trustee may be required or permitted by law to deduct from such deposit and to pay, the Company agrees to pay promptly on demand from time to time as such services shall be rendered and as such expenses shall be incurred. In default of

such payment by the Company, the Trustee shall have a lien therefor on the property subject to the specific lien of this Indenture and the proceeds thereof prior to the lien of the Bonds and coupons and a lien therefor on any moneys held by the Trustee hereunder as part of the trust estate prior to any rights in such moneys of the holders of the Bonds and of the coupons. The Company also agrees to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, as well as the costs and expenses of defending against any claim of liability in the premises.

(b) The Trustee may execute any of the trusts or powers hereof and perform any duty hereunder either directly or by or through its agents or attorneys.

(c) The Trustee shall not be responsible in any manner whatsoever for the correctness of the recitals herein or in the Bonds (except the Trustee's certificate of authentication thereon) or in the coupons contained, all of which are made by the Company solely; and the Trustee shall not be responsible or accountable in any manner whatsoever for or with respect to the validity, execution or sufficiency of this Indenture, or of any indenture supplemental hereto, or of the Bonds or coupons, or for the value of the trust estate or any part thereof, or for the title of the Company thereto, or for the security afforded hereby, or for the validity of any securities at any time held hereunder, and the Trustee makes no representation with respect thereto. The Trustee shall not be accountable for the use or application by the Company of any Bonds authenticated and delivered hereunder or of any moneys paid over by the Trustee in accordance with any provision of this Indenture or, except as set forth in Articles 4 and 9, for the use of the proceeds of any such Bonds.

(d) The Trustee shall not be under any obligation to exercise any of the trusts or powers hereof at the request, order or direction of any of the Bondholders, pursuant to the provisions of this Indenture, unless such Bondholders shall have offered to the Trus-

tee security or indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby. Nothing in this Subdivision (d) contained shall, however, relieve the Trustee of the obligation, upon the occurrence of an event of default (which has not been cured), to exercise such of the rights and powers vested in it by this Indenture and to use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(e) The Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(f) The Trustee may rely upon the certificate of the Secretary or one of the Assistant Secretaries of the Company, under its corporate seal, as to the passing of any resolution by its Board of Directors or shareholders.

(g) Any action taken by the Trustee pursuant to any provision hereof at the request or with the consent of any person who at the time is the holder of any Bond shall be conclusive and binding in respect of such Bond upon all future holders thereof, whether or not such Bond shall have noted thereon the fact that such request or consent had been made or given.

(h) The Trustee shall not be responsible or liable, otherwise than as a trustee, for any debts contracted by it, for damages to persons or property, or for salaries or non-fulfillment of contracts during any period wherein the Trustee shall manage the mortgaged property upon or after entry, as herein provided, nor shall the Trustee be liable to account as mortgagee in possession or for anything except actual receipts, or be liable for any loss on realization or for any default or omission for which a mortgagee in possession might be liable.

(i) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Bond, coupon or other paper

or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(j) All moneys received by the Trustee or any paying agent in the United States under or pursuant to any provision of this Indenture (including any moneys received by the Trustee as paying agent) shall be held by the Trustee or such paying agent in the United States, as the case may be, in trust for the purposes for which they were paid or are held, and all moneys received by any paying agent in Canada under or pursuant to any provision of this Indenture shall be held as agent for the purposes for which they were paid or are held, but no moneys so held in trust or as agent need be segregated in any manner from any other moneys, except to the extent required by law, and the Trustee shall not be liable for any interest thereon, except that so long as the Company is not in default hereunder, the Trustee will allow and credit to the Company interest, if any, upon such moneys at such rate as may then be customarily allowed by it for deposits of similar character.

(k) The Trustee may, whenever it shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, deem such matter to be conclusively proved and established by an Officers' Certificate delivered to it (unless other evidence in respect thereof is herein specifically prescribed), and such certificate shall be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

§14.02. None of the provisions of this Indenture shall be construed as relieving the Trustee from liability for its own negligent action, negligent failure to act, or wilful misconduct, except that, anything in this Indenture contained to the contrary notwithstanding:

(a) Unless and until an event of default shall have occurred and be continuing,

(i) the Trustee shall not be liable except for the performance of such duties as are specifically set out in this Indenture, and no implied covenants or obligations shall be read into this

Indenture against the Trustee, and the Trustee's duties and obligations shall be determined solely by the express provisions of this Indenture; and

(ii) the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of the Trustee, upon certificates or opinions furnished to it pursuant to the express provisions of and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions, which, by the provisions of this Indenture, are specifically required to be furnished to it, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) The Trustee shall not be personally liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be personally liable to any holder of Bonds or coupons or to any other person with respect to any action taken or omitted to be taken by it in good faith, in accordance with the direction of the holders of more than 66⅔% in principal amount of the Bonds at the time outstanding, or in accordance with an extraordinary resolution of the Bondholders passed as provided in Article 16 hereof, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee by this Indenture.

If an event of default shall have occurred, then, so long as the same shall be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Notwithstanding any provisions of this Indenture authorizing the Trustee conclusively to rely upon any resolutions, certificates, state-

ments, opinions, reports, orders or other instruments, the Trustee may, but, to the extent permitted by this §14.02, need not, require any further evidence or make any further investigation as to the facts or matters stated therein which it may, in good faith, deem reasonable in the circumstances; and the Trustee shall, if requested in writing so to do by the holders of not less than 66⅔% in principal amount of the Bonds at the time outstanding, or if directed so to do by extraordinary resolution of the Bondholders passed as provided in Article 16 hereof, require such further evidence or make such further investigation, provided, however, that, if the payment within a reasonable time to the Trustee of the costs, expenses and liabilities likely to be incurred by it in making such investigation is not reasonably assured to it by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expense or liability as a condition to so proceeding.

If the Trustee shall determine or shall be requested, as aforesaid, to make such further investigation, the Trustee shall be entitled to examine the books, records and premises of the Company. The reasonable expense of every such examination shall be paid by the Company, or, if paid by the Trustee, shall be repaid by the Company, upon demand, with interest after such demand at the rate of 6% per annum, and until such repayment shall be secured by a lien on the property subject to the specific lien of this Indenture and the proceeds thereof prior to the lien of the Bonds and coupons.

§14.03. The Trustee shall give to the Bondholders, in the manner provided in §14.07, notice of the happening of all defaults known to it, within 90 days after the occurrence thereof, but in the case of any default of the character specified in §10.01(e), no such notice shall be given until at least 60 days after the occurrence thereof; provided that, except in the case of a default resulting from the failure to make any payment of principal of or interest on the Bonds, or in the payment of any sinking or purchase fund installment, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a committee of directors and/or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. For the purposes of this §14.03, the term “default” shall mean any

event of default specified in §10.01, not including any periods of grace provided for therein.

Nothing herein contained shall require the Trustee to give any notice of any default which has been cured.

§14.04. The Trustee or any successor may at any time resign and be discharged from the trust hereby created by giving written notice thereof to the Company specifying the date when such resignation shall take effect, and by giving notice thereof to the Bondholders, in the manner provided in §14.07 and, unless all Bonds then outstanding are registered Bonds, by publishing such notice at least once a week for two successive calendar weeks (the first such publication to be not less than 30 days nor more than 60 days prior to the date so specified) in one authorized newspaper in each of the Cities of Montreal, Toronto and New York. Such resignation shall take effect on the date specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect upon the appointment of such successor.

The Trustee or any successor may be removed at any time by an instrument or instruments in writing delivered to the Trustee and to the Company signed by the holders of more than 50% in principal amount of Bonds at the time outstanding or by their duly authorized attorneys-in-fact.

In case at any time the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a vacancy shall be deemed to exist in the office of Trustee. Upon the resignation or removal of the Trustee or the occurrence of a vacancy in the office of Trustee for any other reason, a successor Trustee may be appointed by an instrument in writing signed by the holders of more than 50% in principal amount of the Bonds then outstanding or by their duly authorized attorneys-in-fact, delivered to the Company and the retiring Trustee as well as the new Trustee; but, until a successor shall be appointed by the Bondholders, the Company, by an instrument executed by order of its Board of Directors, shall appoint a successor to fill the vacancy. Every successor to the Trustee so appointed shall be a trust

company in good standing organized and doing business under the laws of Canada or one of the provinces thereof having a combined capital and surplus of not less than \$5,000,000, which is authorized to exercise corporate trust powers under the laws of each of the provinces in which the Company owns property subject to the specific lien of this Indenture.

If in a proper case no appointment of a successor shall be made pursuant to the foregoing provisions of this §14.04 within six months after a vacancy shall have occurred, any Bondholder or the retiring Trustee may apply to a Judge of the Supreme Court of Ontario to appoint a successor. Said Judge may thereupon, after such notice, if any, as said Judge may deem proper and prescribe, appoint a successor.

§14.05. Any successor to the Trustee appointed under any of the methods herein provided shall execute, acknowledge and deliver to its predecessor trustee and to the Company an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but such predecessor shall, nevertheless, at the written request of the successor, execute and deliver an instrument transferring to the successor all the estates, properties, rights, powers and trusts of such predecessor hereunder and shall duly assign, transfer and deliver all property and moneys held by it or him to its or his successor. Should any instrument in writing from the Company be required by any successor for more fully and effectually vesting in and confirming to it or him all estates, properties, rights, powers and duties as trustee hereunder, the Company, upon the request of such successor, shall make, execute and deliver the same. The Company shall promptly give notice of the appointment of such successor to the Bondholders in the manner provided in §14.07 and by publishing such notice at least once in one authorized newspaper in each of the Cities of Montreal, Toronto and New York.

§14.06. Any corporation into which the Trustee or any successor to it in the trust created by this Indenture may be merged, or with

which it or any successor to it may be consolidated or amalgamated or any corporation resulting from any merger, consolidation or amalgamation to which the Trustee or any successor to it shall be a party shall be the successor of the Trustee under this Indenture without the execution or filing of any instruments or any further act on the part of any of the parties hereto.

§14.07. All reports or notices required by any provision of this Indenture to be transmitted in accordance with the provisions of this §14.07, shall be transmitted by mail

(i) to all registered owners of Bonds, as the names and addresses of such owners appear upon the bond registry books of the Company; and

(ii) to such holders of Bonds as have, within the two years preceding such transmission, filed their names and addresses with the Trustee for that purpose.

§14.08. The Trustee and any paying agent may each acquire and hold Bonds and coupons and otherwise deal with the Company in the same manner and to the same extent and with like effect as though they were not Trustee or paying agent hereunder.

§14.09. If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which the Company shall at the time hold any property subject to the lien hereof, or the Trustee shall be advised by counsel, satisfactory to it, that it is so necessary or prudent in the interest of the Bondholders, the Trustee and the Company shall execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons approved by the Trustee and the Company, either to act as co-trustee or co-trustees of all or any of the property subject to the lien hereof, jointly with the Trustee originally named herein or any successor, or to act as separate trustee or trustees of any such property. In the event the Company shall not have joined in the execution of such instruments and agreements within ten days after the receipt of a written request from the Trustee so to do, or in case an event of default shall occur and be continuing, the Trustee

may act under the foregoing provisions of this §14.09 without the concurrence of the Company, and the Company hereby appoints the Trustee its agent and attorney to act for it under the foregoing provisions of this §14.09 in either of such contingencies.

Every additional trustee hereunder shall, to the extent permitted by law, be appointed and act and be such, and the Trustee and its successors shall act and be such, subject to the following provisions and conditions:

(i) Bonds shall be authenticated and delivered, and all powers, duties, obligations and rights conferred upon the Trustee in respect of the custody, control and management of moneys, papers or securities shall be exercised, solely by the Trustee.

(ii) All rights, powers, duties and obligations conferred or imposed upon the trustees or any of them shall be conferred or imposed upon and exercised or performed by the Trustee, and such additional trustee or trustees jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional trustee or trustees.

(iii) No power given hereby to, or which it is provided hereby may be exercised by, any such additional trustee or trustees shall be exercised hereunder by such additional trustee or trustees, except jointly with, or with the consent in writing of, the Trustee, anything herein contained to the contrary notwithstanding.

(iv) No trustee hereunder shall be personally liable by reason of any act or omissions of any other trustee hereunder.

(v) The Company and the Trustee, at any time, by an instrument in writing, executed by them jointly, may remove any such additional trustee, and in that case, by an instrument in writing executed by them jointly, may appoint a successor or successors to such additional trustee or trustees, as the case may be, anything herein contained to the contrary notwithstanding. In the event that the Company shall not have joined in the execution

of any such instrument within ten days after the receipt of a written request from the Trustee so to do, the Trustee shall have the power to remove any such additional trustee and to appoint a successor additional trustee without the concurrence of the Company, the Company hereby appointing the Trustee its agent and attorney to act for it in such connection in such contingency. In the event that the Trustee alone shall have appointed an additional trustee or trustees or co-trustee or co-trustees as above provided, it may at any time, by an instrument in writing, remove any such additional trustee or co-trustee, the successor to any such trustee or co-trustee so removed to be appointed by the Company and the Trustee, or by the Trustee alone, as hereinbefore in this §14.09 provided.

ARTICLE 15.

Supplemental Indentures.

§15.01. In addition to any supplemental indenture otherwise authorized by this Indenture, the Company, when authorized by resolution of its Board of Directors, and the Trustee, from time to time and at any time, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) To close this Indenture against, or to restrict, in addition to the limitations and restrictions herein contained, the authentication and delivery of additional Bonds hereunder by imposing additional conditions and restrictions to be thereafter observed, whether applicable in respect of all Bonds authenticated and delivered and to be authenticated and delivered hereunder, or in respect of one or more series thereof, or otherwise.

(b) To add to the covenants and agreements of the Company in this Indenture contained other covenants and agreements thereafter to be observed and to surrender any right or power herein reserved to or conferred upon the Company although the freedom of action of the Company may be materially restricted thereby.

(c) To convey, transfer and assign to the Trustee, and to subject to the specific lien of this Indenture, with the same force and effect as though included in Section A of the Granting Clauses hereof, additional properties hereafter acquired by the Company, whether through consolidation, amalgamation, merger, purchase or otherwise, and to correct or amplify the description of any properties at any time subject to the lien of this Indenture.

(d) To make such provisions in regard to matters or questions arising under this Indenture as may be necessary or desirable and not inconsistent with this Indenture.

(e) To modify any of the provisions of this Indenture or to relieve the Company from any of the obligations, conditions or restrictions herein contained, provided that no such modification shall be or become operative or effective which will be prejudicial to the interests of the Bondholders or of the Trustee while any Bonds of any series established prior to the execution of such supplemental indenture shall remain outstanding, and provided further that such supplemental indenture shall be specifically referred to in the text of all Bonds of any series established after the execution of such supplemental indenture and provided also that the Trustee may in its uncontrolled discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Trustee when the same shall become operative.

(f) To set forth the terms of the Bonds of any series which may be issued in addition to the Bonds of the 1978 Series.

(g) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the United States Trust Indenture Act of 1939 as in force at the date of execution of this Indenture, except that nothing herein contained shall permit or authorize the inclusion in any indenture supplemental hereto of the provision referred to in Section 316(a)(2) of said Act or any similar provision.

(h) To make any modification of this Indenture prior to the first authentication and delivery by the Trustee of any Bond hereunder, if such modification is assented to in writing by the

persons who have agreed to purchase in the aggregate not less than \$83,000,000 in principal amount of the Bonds of the 1978 Series and is a modification which could be made by extraordinary resolution of Bondholders if Bonds were at the time outstanding.

(i) To make any changes or corrections in this Indenture as to which the Trustee shall have been advised by counsel that the same are verbal corrections or are changes or corrections required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or clerical omission or mistake or manifest error contained herein or in any deed or indenture supplemental or ancillary hereto, provided that the Trustee shall be of the opinion that such changes or corrections will not be prejudicial to the interests of the Bondholders or of the Trustee.

(j) Subject to the provisos of §16.03 and §16.06, to modify or amend this Indenture in any manner authorized by, or to carry out the provisions of, any extraordinary resolution passed by vote of Bondholders as provided in §16.03 or any resolution, written consent or other instrument signed by Bondholders as provided in §16.06.

(k) For any other purpose not inconsistent with the terms of this Indenture.

The Company hereby covenants that it will fully perform all the requirements of any such supplemental indentures which may be in effect from time to time, but no restriction or obligation imposed hereby or by any supplemental indenture upon the Company in respect of any of the Bonds or series of Bonds under this Indenture may, except as otherwise provided in this Indenture, be waived or modified by such supplemental indentures, or otherwise. Nothing in this Article 15 contained shall affect or limit the right or obligation of the Company to execute and deliver to the Trustee any instrument of further assurance or other instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

§15.02. The Trustee is hereby authorized to, and at the request of the Company shall, subject to the provisions of the last proviso of

§15.01(e), join with the Company in the execution of any such supplemental indenture authorized or permitted by the terms of this Indenture, and, subject to the provisions of §14.02, the Trustee may receive an Opinion of Counsel as conclusive evidence that any such supplemental indenture executed pursuant to the provisions of this Article 15 complies with the requirements of this Article 15.

Any supplemental indenture authorized by the provisions of this Article 15 may be executed by the Company and the Trustee without the consent of the holders of any of the Bonds or the publication or mailing of any notice.

ARTICLE 16.

Meetings of Bondholders; Powers Exercisable at Meetings.

§16.01. Meetings of Bondholders shall be convened, held and conducted in the manner following:

(a) At any time and from time to time the Trustee or the Company may, and the Trustee shall on being served with a requisition signed by Bondholders representing at least twenty per cent (20%) of the aggregate principal amount of the Bonds, convene a meeting of the Bondholders. In the event of the Trustee failing to convene a meeting after being thereunto required by the Bondholders as hereinbefore set forth, such Bondholders representing the requisite percentage of Bonds as aforesaid may themselves convene such meeting and the notice calling such meeting may be signed by such person as such Bondholders may specify. Every such meeting shall be held at the City of Toronto or at such other place as the Trustee may in any case determine or approve.

(b) If the business to be transacted at any meeting by resolution, extraordinary or otherwise, especially affects the rights of the holders of any series or part of a series of Bonds in a manner or to an extent substantially differing from that in or to which the rights of the holders of any other series or part thereof are affected then reference to such fact indicating each series or part of a series so especially affected shall be made in the notice of the meeting and the meeting shall be and be deemed to be and is herein referred to as a serial meeting.

(c) At least 21 clear days' previous notice of such meeting shall be given to the Bondholders and such notice shall state the time when, and the place where, said meeting is to be held and shall specify in general terms the nature of the business to be transacted thereat, but it shall not be necessary to specify in the notice the text of the resolutions to be passed. Notices shall be given to the Bondholders by mail in accordance with the provisions of §14.07 and, unless all the Bonds then outstanding are registered Bonds, by publication once in each of two separate calendar weeks in one authorized newspaper in each of the Cities of Montreal, Toronto and New York, the first of such publications to be not more than 15 and not less than 10 days prior to such meeting, and shall be given to the Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting.

(d) At any meeting of the Bondholders, subject as hereinafter provided, a quorum shall consist of two or more persons present in person representing either personally or as proxies for other Bondholders not less than a majority in principal amount of the Bonds at the time outstanding. If, however, the meeting is a serial meeting, a quorum shall consist of the holders, present in person or by proxy, of not less than a majority in principal amount of the Bonds at the time outstanding and also not less than a majority in principal amount of the outstanding Bonds of each series or part thereof especially affected as aforesaid. In the case of a meeting called for the purpose of passing an extraordinary resolution a quorum shall consist of the holders, present in person or by proxy, of not less than 66⅔% in principal amount of the Bonds at the time outstanding and also, if such meeting is a serial meeting, not less than 66⅔% in principal amount of the outstanding Bonds of each series or part thereof especially affected as aforesaid. In the event of a quorum as above defined not being present on the date for which the meeting is called within one half-hour after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Trustee who shall give not less than fourteen (14) days' notice of the date and time to which such

meeting is adjourned and of the place where such adjourned meeting is to be held and if, at such adjourned meeting, a quorum be not present, the meeting shall again stand adjourned to be held at a place, upon a date and at an hour to be fixed by the Trustee which shall give like notice, and at such second adjourned meeting a quorum shall consist of the Bondholders then and there represented in person or by proxy and the notice of such second adjourned meeting shall so state.

(e) Some person, who need not be a Bondholder, nominated in writing by the Trustee, shall be Chairman of the meeting and, if no person is so nominated or if the person so nominated is not present within twenty-five (25) minutes after the time fixed for the holding of the meeting, the Bondholders and proxies for Bondholders present shall choose one of their number to be Chairman.

(f) The holder of any Bond which is at the time pledged as security for any of the Bank Notes shall be qualified and entitled for all purposes of this Article to sign any requisition or notice, attend all meetings of Bondholders, and vote thereat in respect of such Bond; and the holder of any other Bond pledged to secure any other indebtedness of the Company or any indebtedness of any other obligor upon the Bonds or of any affiliate of either or of any Related Company shall be so qualified and entitled in respect of Bonds so pledged if such pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bond and that the pledgee is not a Related Company or an affiliate of the Company or of any other obligor upon the Bonds.

(g) Every question submitted to a meeting, except an extraordinary resolution, shall be decided in the first place by a majority of the votes given on a show of hands. In the case of an equality of votes on a show of hands the Chairman shall have a casting vote.

(h) A poll shall be taken on every extraordinary resolution and, when requested by a Bondholder, or by a proxy representing a Bondholder, holding at least ten thousand dollars (\$10,000) principal amount of the Bonds, on any other question or resolution.

(i) If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall

be taken forthwith. If at any meeting a poll is so demanded on any other question, or an extraordinary resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded.

(j) At any meeting of the Bondholders each Bondholder shall on a poll have one vote for every \$100 principal amount of Bonds of which he shall be the holder. Votes may be given in person or by proxy and a proxy need not be a Bondholder.

(k) At a serial meeting no ordinary resolution shall be deemed to have been validly passed or adopted unless there shall have been given in favour thereof not less than a majority of the votes given respectively by the holders of each series of Bonds or part thereof especially affected as aforesaid as well as a majority of all the votes given thereon.

(l) The Trustee may (for the purpose of enabling the holders of unregistered Bonds to be present and vote at any meeting without producing their Bonds and of enabling them and the holders of registered Bonds to be represented and vote at any such meeting by proxy and of lodging such proxies at some place or places other than the place where the meeting is to be held) from time to time make and from time to time vary such regulations as it shall think fit providing for and governing:

(i) the deposit of unregistered Bonds with any bank, banker, trust company or other depositary satisfactory to the Trustee, and for the issue to the persons so depositing such Bonds of certificates by such depositary, in terms satisfactory to the Trustee, that such Bonds have been deposited, which certificates will entitle the persons named therein to be present and vote at any such meeting, and at any adjournment thereof, and to appoint proxies to represent them and vote for them at any such meeting, and at any adjournment thereof, in the same way as if the persons so present and voting either personally or by proxy were the actual bearers of the Bonds in respect of which such certificates shall have been issued;

(ii) the voting by proxy by holders of registered Bonds and the form of instrument appointing proxies and the manner in which the same shall be executed, and for the production of the authority of any person signing on behalf of the giver of such proxy;

(iii) the lodging of such certificates and of the instruments appointing proxies at such place or places and in such custody as the Trustee directs and the time, if any, before the holding of the meeting or adjourned meeting by which the same shall be deposited; and

(iv) the forwarding by the custodian of particulars of such certificates and instruments appointing proxies by letter, cable, telegraph or radio before the meeting to the Company or to the Trustee or to the Chairman of the meeting and providing that certificates or instruments appointing proxies so lodged and particulars of which are forwarded in accordance with such regulations will confer the same right to vote as though the certificates or instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and votes given in accordance therewith shall be valid and shall be counted. The Trustee may dispense with any such deposit and permit Bondholders to make proof of ownership in such other manner, if any, as the Trustee may approve. Save as aforesaid the only persons who shall be recognized at any meeting as the holders of Bonds or as entitled to vote or be present at the meeting in respect thereof shall be persons who produce unregistered Bonds at the meeting and the registered Bondholders.

(m) The Company and the Trustee by their respective officers and directors may attend any meeting of Bondholders. The legal advisers of the Company and of the Trustee may also attend any such meeting.

§16.02. A meeting of the Bondholders shall, in addition to any powers hereinbefore given, have the following powers, exercisable from time to time only by extraordinary resolution except where otherwise specifically provided herein and subject always to the provisions of §16.03:

(i) Power to require the Trustee on having entered into and taken possession of the mortgaged property or any part thereof, or to authorize any receiver in possession of the mortgaged property or any part thereof, to restore the same to the Company upon such conditions, if any, as such resolution may specify.

(ii) Power to authorize the Trustee to accept in satisfaction or part satisfaction for the sale or transfer by the Trustee of all or any part of the mortgaged property any shares, bonds, debentures, mortgages, debenture stock or any other securities of any company formed or to be formed.

(iii) Power to sanction any scheme for the reconstruction or reorganization of the Company or for the consolidation, amalgamation or merger of the Company with any other company or for the selling or leasing of the undertaking, property and assets of the Company or any part thereof, provided that no such sanction shall be necessary for a reconstruction, consolidation, amalgamation or merger or transfer under the provisions of Article 13.

(iv) Power to authorize the distribution in specie of any shares or securities or the use or disposal of the whole or any part of such shares or securities or any cash in such manner and for such purpose as may be deemed advisable.

(v) Power to require the Trustee to exercise or refrain from exercising any of the powers conferred upon it by this Indenture or to waive any default on the part of the Company, upon such terms as may be decided upon.

(vi) Power to sanction the release of the Company and of the whole or any part of the mortgaged property from the charges hereby created.

(vii) Power to authorize the Trustee or any other corporation, firm, person or persons to do all or any of the following, namely:—

(1) to bid or tender at any sale of the mortgaged property or any part thereof;

(2) to tender in payment or part payment on account of the purchase price of any property so purchased all or any part

of the Bonds or to set off the amount or any part thereof due upon all or any of the Bonds against such purchase price and to give to the Company a valid discharge in respect of the Bonds so tendered or the amount so set off;

(3) to borrow the moneys required to make any deposit at said sale or to pay the balance of the purchase price and to grant, mortgage, pledge, charge and transfer the property so purchased and any or all Bonds not so tendered or any part or parts of such property or Bonds as security for the repayment of the moneys so borrowed and interest thereon, or itself, himself or themselves, as the case may be, to advance such moneys in which event it, he or they shall have a lien, charge or privilege upon or a right of retention of the property so purchased and on or of the Bonds not so tendered for the amount so advanced and interest thereon;

(4) to hold any property so purchased and Bonds not so tendered (subject to any mortgage, charge, lien or transfer or to such right of retention to secure any moneys so borrowed or advanced) in trust for all the holders of the Bonds at the time of such tender pro rata in proportion to the amounts due to them thereon respectively for principal, premium, if any, and interest before the making of such tender;

(5) to sell, transfer and convey the whole or any part or parts of the property so purchased for such consideration in cash or in the shares, bonds, debentures or other securities of any company formed or to be formed, or partly in cash and partly in such securities, and upon such terms and conditions as may be determined by such extraordinary resolutions of the Bondholders, or, failing such determination by such extraordinary resolution of the Bondholders, as it, he or they may deem expedient, and, subject to such terms and conditions, to dispose of such cash, shares, bonds, debentures or other securities pursuant to the provisions of paragraph (iv) of this §16.02;

(6) until the sale, transfer and conveyance of the whole of such property so purchased, to maintain and operate such part of said property as has not been disposed of and for such pur-

poses to borrow moneys and to grant, mortgage, pledge, charge and transfer the property so purchased, or any part or parts thereof, as security for the repayment of the moneys so borrowed, with interest thereon, or itself, himself or themselves, as the case may be, to advance such moneys, in which event it, he or they shall have a lien or charge upon or right of retention of the property so purchased for the amounts so advanced and interest thereon and otherwise to deal with such property and the proceeds of any sale, transfer or conveyance thereof as the Bondholders may by such extraordinary resolution direct.

(viii) Power to sanction any change whatsoever of any provision of the Bonds or of this Indenture and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Bondholders against the Company or against its or their property, whether such rights shall arise under the provisions of this Indenture or otherwise.

(ix) Power to sanction the exchange of the Bonds other than Bonds of the 1978 Series for or the conversion thereof into shares, bonds, debentures or other securities of the Company or of any company formed or to be formed.

(x) Power to assent to any compromise or arrangement by the Company with any creditor, creditors or class or classes of creditors or with the holders of any shares or securities of the Company.

(xi) Power to authorize the Trustee, in the event of the Company making an authorized assignment or a custodian or trustee being appointed under the Bankruptcy Act or a liquidator being appointed under the Winding-up Act, for and on behalf of the Bondholders, and in addition to any claim or debt proved or made for its own account as Trustee hereunder, to file and prove a claim or debt against the Company and its property for an amount equivalent to the aggregate amount which may be payable in respect of the Bonds, value security, and vote such claim or debt at meetings of creditors and generally act for and on behalf of the Bondholders in such proceedings as such extraordinary resolution may provide.

(xii) Power to restrain any holder of any Bond or coupon from taking or instituting any suit, action or proceeding for the purpose of realizing the security or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or trustee in bankruptcy or to have the Company wound up or for any other remedy hereunder and to direct such holder of any Bond or coupon to waive any default or defaults by the Company on which any suit or proceeding is founded.

(xiii) Power to direct any Bondholder or Bondholders bringing any action, suit or proceeding and the Trustee to waive the default in respect of which such action, suit or other proceeding shall have been brought.

(xiv) Power to require the Trustee to proceed to enforce the security hereunder, but subject always to the provisions of §14.01.

(xv) Power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any instrument ancillary or supplemental hereto which shall be agreed to by the Company and to authorize the Trustee to concur in and execute any indenture supplemental to this Indenture embodying any such modification of, change in, addition to or omission from the provision contained in this Indenture, or to concur in and execute any deeds, documents or writings authorized by extraordinary resolution.

(xvi) Power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Bondholders, such of the powers of the Bondholders as are exercisable by extraordinary or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Bondholders. Every such committee may elect its chairman and may make regulations respecting its quorum,

the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Bondholders. Neither such committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith.

The foregoing powers shall be deemed to be several and cumulative and the exercise of any one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Bondholders to exercise such power or powers, or combinations of powers, thereafter from time to time.

§16.03. An extraordinary resolution, passed at a meeting of the Bondholders held in accordance with the provisions hereof, shall be binding upon all the Bondholders and upon each and every Bondholder whether present or absent. The term "extraordinary resolution" when used herein, means (subject to the provisions of §16.06) a resolution adopted at a meeting of the holders of the Bonds, duly convened and held in accordance with the provisions herein contained, upon a poll by the affirmative vote of not less than sixty-six and two-thirds per cent (66⅔%) of the votes given upon such poll. At a serial meeting such resolution must in addition receive the affirmative vote upon a poll of not less than sixty-six and two-thirds per cent (66⅔%) of the votes given upon such poll by the holders of each series of Bonds or part thereof especially affected thereby; provided, however, that, so long as any of the Bonds of the 1978 Series are outstanding, the powers expressed in this Indenture to be conferred upon or exercisable by the Bondholders, by extraordinary resolution or otherwise howsoever, may not be exercised to (a) extend the fixed maturity of the Bonds of the 1978 Series or any of them or reduce the rate or extend the time of payment of interest thereon or reduce the amount of the principal thereof or reduce any premium payable on the redemption thereof or change the respective currencies in which the same are

expressed to be payable or otherwise modify the terms of payment of such interest, principal or redemption premium or change the sinking fund provisions applicable to the Bonds of the 1978 Series or deprive the holder of any Bond of the 1978 Series of the lien upon the specifically mortgaged property (except as elsewhere in this Indenture specifically permitted) without the consent of the holder of each Bond of the 1978 Series so affected, or (b) permit the creation of any lien not otherwise permitted hereby ranking prior to or on a parity with the specific lien of this Indenture with respect to any of the specifically mortgaged property or reduce the aforesaid percentages of holders of Bonds of the 1978 Series required to give any such consent or to pass any such resolution, without the consent of the holders of all the Bonds of the 1978 Series then outstanding.

Save as herein expressly otherwise provided, no action shall be taken at a meeting of the Bondholders which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Bondholder except by extraordinary resolution as hereinbefore provided or by written instrument as provided by §16.06.

§16.04. At any meeting of the Bondholders, in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

§16.05. Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by the Trustee at the expense of the Company and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had, or by the Chairman of the next succeeding meeting of Bondholders, shall be prima facie evidence of the matters therein stated, and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

§16.06. Notwithstanding the foregoing provisions of this Indenture, any resolution, written consent or other instrument signed in one

or more counterparts by the holders of not less than sixty-six and two-thirds per cent (66⅔%) of the aggregate principal amount of the Bonds then outstanding shall have the same force and effect as an extraordinary resolution duly passed by the Bondholders under the provisions of this Article with respect to extraordinary resolutions; provided that, where the matters contained in such resolution, written consent or other instrument would, if contained in an extraordinary resolution adopted at a meeting, require such meeting to be considered as a serial meeting, such resolution, written consent or other instrument shall also be signed by the holders of not less than sixty-six and two-thirds per cent (66⅔%) of the aggregate principal amount of the outstanding Bonds of each series or part thereof especially affected thereby as aforesaid; and provided further that, so long as any of the Bonds of the 1978 Series are outstanding, (a) if such resolution, written consent or other instrument extends the fixed maturity of the Bonds of the 1978 Series or any of them or reduces the rate or extends the time for payment of interest thereon or reduces the amount of the principal thereof or reduces any premium payable on the redemption thereof or changes the respective currencies in which the same are expressed to be payable or otherwise modifies the terms of payment of such interest, principal or redemption premium or changes the sinking fund provisions applicable to the Bonds of the 1978 Series or deprives the holders of any Bonds of the 1978 Series of the lien upon the specifically mortgaged property (except as elsewhere in this Indenture specifically permitted) such resolution or instrument shall be binding and effective only as to the Bondholders signing the same; and (b) if such resolution, written consent or other instrument permits the creation of any lien not otherwise permitted hereby ranking prior to or on a parity with the lien of this Indenture with respect to any of the specifically mortgaged property or reduces the aforesaid percentages of holders of Bonds of the 1978 Series required to give any such consent or to pass any such resolutions, such resolution, written consent or other instrument shall be effective only if signed by the holders of all of the Bonds of the 1978 Series then outstanding.

ARTICLE 17.**Defeasance.**

§17.01. If the Company shall well and truly pay or cause to be paid the whole amount of the principal (and premium, if any) and interest due and payable upon all outstanding Bonds then outstanding or shall provide for such payment by irrevocably depositing with the Trustee, in trust, whether at or prior to the maturity or the redemption date of the Bonds, cash, in the currency or currencies in which any of the outstanding Bonds shall be payable, sufficient to pay or redeem all the Bonds then outstanding, including the principal of (and premium, if any) and interest on, the Bonds to the maturity or the redemption date, as the case may be, which cash is deposited on terms making the same forthwith payable to the holders of outstanding Bonds and coupons, if any, on demand, whether at or prior to the maturity or the redemption date of such Bonds, provided, that if cash deposited for the payment of Bonds at maturity shall be payable to the holders of the outstanding Bonds and coupons on demand, notice of such fact shall be given in the manner required for the giving of notice of redemption, and further provided, that if the Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall be duly given (which notice shall state that such moneys are forthwith payable upon demand) or provision satisfactory to the Trustee shall be made for the giving of such notice, and if the Company shall also deliver to the Trustee for cancellation all Bonds then held by it and shall pay or cause to be paid all other sums payable hereunder by the Company, then all property, rights and interests hereby granted, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, charged, ceded or transferred shall revert to the Company and the estate, right, title and interest of the Trustee shall thereupon cease, determine and become void; and the Trustee in such case, on request of the Company and at the cost and expense of the Company, shall execute and deliver to the Company proper instruments acknowledging satisfaction of and discharging this Indenture and shall assign and transfer or cause to be assigned and transferred, and shall deliver or cause to be delivered, to the Company, all moneys (other

than moneys deposited with the Trustee under this Article 17 or previously deposited with it for the payment of principal of, or premium or claims for interest on, the Bonds) and all other property then held hereunder by the Trustee. Notwithstanding the satisfaction and discharge of this Indenture under this Article 17 the Trustee shall maintain the cash so deposited with it in the currency or currencies in which such cash was deposited. The Company agrees to reimburse the Trustee for any costs and expenses thereafter reasonably and properly incurred by the Trustee in connection with this Indenture or the Bonds.

Satisfaction and discharge of this Indenture shall not affect or in any way impair the right of the Trustee to be indemnified by the Company as herein provided.

ARTICLE 18.

Miscellaneous Provisions.

§18.01. Nothing in this Indenture, expressed or implied, is intended or shall be construed to confer upon, or give to, any person, other than the parties hereto and the holders of the Bonds and coupons, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements in this Indenture contained are and shall be for the sole and exclusive benefit of the parties hereto, and their successors and assigns, and the holders of the Bonds and coupons.

§18.02. Whenever in this Indenture or in any indenture supplemental hereto provision is made for the destruction or cancellation by the Trustee and the delivery to the Company of any Bonds or any coupons, the Trustee may, unless the Company in writing requests otherwise, in lieu of such destruction or cancellation and delivery, cremate such Bonds and coupons (in the presence of an officer of the Company if the Company shall so require) and deliver a certificate of such cremation to the Company.

§18.03. In case any one or more of the provisions contained in this Indenture or in the Bonds or coupons should be invalid, illegal or unen-

forceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

§18.04. Although this Indenture, for convenience and for the purpose of reference is dated as of January 1, 1957, the actual date of execution by the Company and by the Trustee is as indicated by their respective affidavits of execution hereto annexed.

§18.05. In case, by reason of the temporary or permanent suspension of publication of any newspaper, or by reason of any other cause, it shall be impossible to make publication of any notice required hereby in the newspaper or newspapers as herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice. Such publication shall, so far as may be, approximate the terms and conditions of the publication in lieu of which it is given.

§18.06. The same officer or officers of the Company, or the same engineer or counsel or other person, as the case may be, may, but need not, certify to all the matters required to be certified under any Article, Section, Subdivision or other portion hereof, but different officers, engineers, counsel or other persons may certify to different facts, respectively. Where any person or persons are required to make, give or execute two or more orders, requests, certificates, opinions or other instruments under this Indenture, any such orders, requests, certificates, opinions or other instruments may but need not be consolidated and form one instrument. Any certificate which is required to be verified may be verified on information and belief. Whenever any Officers' Certificate is required to state that the Company is not in default hereunder or to state any such default, the signers of such certificate may make such statement upon the basis of their best knowledge and belief.

Except as otherwise expressly provided in this Indenture or in any indenture supplemental hereto, any request, opinion, consent, certificate, demand, notice, order, appointment or other direction required or permitted to be made or given by the Company shall be deemed to have been sufficiently made or given if executed on behalf of the Company by

its President or any of its Vice Presidents and its Secretary or any of its Assistant Secretaries or its Treasurer or any of its Assistant Treasurers.

Any Opinion of Counsel required to be furnished pursuant to any of the provisions of this Indenture may, in lieu of stating the facts required by the provisions hereof, state that the required conditions will be fulfilled on the execution and delivery of designated instruments, which instruments shall be delivered in form approved by such counsel prior to or concurrently with the taking or suffering by the Trustee of the action as a condition precedent to which such opinion is required to be furnished under the terms of this Indenture.

Upon any application by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate and Opinion of Counsel, each stating that all conditions precedent provided for in this Indenture (including any covenants compliance with which constitutes a condition precedent) with respect to such application have been complied with, whether or not the furnishing of such documents shall be specifically required by the provisions of this Indenture relating to such particular application.

Whenever it is required in this Indenture that any certificate or opinion be signed by an accountant, engineer, counsel or other person acceptable to the Trustee, the acceptance by the Trustee of the certificate or opinion signed by such person shall be sufficient evidence that the signer is acceptable to the Trustee.

Any certificate or opinion of an officer of the Company or an engineer, appraiser, accountant or other expert may be based, in so far as it relates to legal matters, upon a certificate or opinion of or upon representations by counsel, unless such officer, engineer, appraiser, accountant or other expert knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Any certificate or Opinion of Counsel may be based, in so far as it relates to factual matters, information with respect to which is in possession of the Company, upon the certificate or opinion of or representations by an officer or officers of the Company unless such counsel

knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Any Opinion of Counsel given as to title to property may be based, in whole or in part, upon a certified abstract of title or any Torrens certificate, or upon any guaranty policy or certificate or opinion issued or rendered by any reputable person, firm or corporation engaged in the business of examining, insuring or guaranteeing titles to property or upon the opinion of other counsel (provided that in such case such Opinion of Counsel shall state that the signer believes such other counsel giving such certificate or opinion is reputable and one upon whom he may properly rely).

Wherever in this Indenture in connection with any application, certificate or report to the Trustee, it is provided that the Company shall deliver any document as a condition of the granting of such application or as evidence of the Company's compliance with any term hereof, it is intended that the truth and accuracy at the time of the granting of such application or at the effective date of such certificate or report, as the case may be, of the facts and opinions stated in such document shall in each such case be a condition precedent to the right of the Company to have such application granted or to the sufficiency of such certificate or report. Nevertheless, in the case of any such application, certificate or report, any document required by any provision of this Indenture to be delivered to the Trustee as a condition of the granting of such application or as evidence of such compliance may, subject to §14.02, be received by the Trustee as conclusive evidence of any statement therein contained and shall be full warrant, authority and protection to the Trustee acting on the faith thereof.

Whenever it is provided herein that any statement of an amount shall be converted from Canadian into United States currency or from United States into Canadian currency, such conversion shall be made at the applicable spot buying rate of exchange in Toronto, Canada for United States dollars (or, if there is in effect an official buying rate of exchange for United States dollars, then such official rate) in effect at the opening of business on the date specified or, if no date is specified,

on a date not more than 10 days prior to the date when such conversion is required to be made.

In case any question arises under this Indenture as to the necessity for or the manner or time of converting any amounts stated in in one currency into another currency, the decision of the Trustee on such question shall be conclusive and binding upon the Bondholders and the Company and all other interested parties.

§18.07. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the principal office of the Trustee in the City of Toronto, Canada. Any notice to or demand upon the Company shall be deemed to have been sufficiently given or served, for all purposes, by being deposited, postage prepaid, in a post-office letter box addressed to the Company, attention of the President, at 160 Bloor Street East, Toronto, Canada, or to the Company, attention of the President, at such other address as may be filed in writing by the Company with the Trustee.

§18.08. Subject to the provisions of Article 13, whenever in this Indenture any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included, and all the covenants, promises and agreements in this Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

§18.09. In case the principal of any of the Bonds shall not be punctually paid when due at maturity, whether by declaration or lapse of time, and/or in case any installment of interest thereon shall not be punctually paid when due, then upon deposit with or receipt by the Trustee of moneys sufficient to pay such overdue principal and/or such overdue installment or installments of interest thereon (together with moneys sufficient to pay interest due and to become due thereon up to the date when interest upon such overdue principal and/or installment or installments of interest shall cease as herein provided), interest on such overdue principal and/or installment or installments of interest thereon shall cease to accrue 30 days after the date of publication by the Company in one authorized newspaper in each of the Cities of Mont-

real, Toronto and New York, of a notice stating that said moneys have been so deposited or received.

§18.10. In any case where the date of maturity of principal of or interest on any Bonds or the date of redemption of any Bonds shall be a Sunday or a legal holiday or a date on which banking institutions in the particular place of payment are authorized by law to close, then payment of principal, interest and premium, if any, may be made on the next succeeding business day with the same force and effect as if made on the nominal date of maturity or redemption, and no interest shall accrue for the period after such date.

§18.11. This Indenture is being executed in several identical counterparts, each of which is an original and each of which is to be deemed an original hereof, and all counterparts collectively are to be deemed but one instrument; provided always that concurrently with or subsequently to the execution of this Indenture the Company will execute a Trust Deed of Hypothec Mortgage and Pledge in notarial form in conformity with the laws of the Province of Quebec and such Trust Deed of Hypothec Mortgage and Pledge, when executed, shall be read with this Indenture.

The Table of Contents and the descriptive headings of the several Articles of this Indenture were formulated, used and inserted in this Indenture for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

By execution hereof, the Company acknowledges receipt of a full, true and complete copy of this Indenture.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its Corporate Seal to be hereunto affixed attested by the hands of its President or one of its Vice-Presidents and its Secretary or one of its Assistant Secretaries duly authorized in that behalf and National Trust Company, Limited, in evidence of its acceptance of the trust hereby created, has caused its Corporate Seal to be hereunto affixed attested by the hands of its Manager, Corporate Trust Department, and

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its Secretary or one of its Assistant Secretaries duly authorized in that behalf all as of the first day of January, 1957.

TRANS-CANADA PIPE LINES LIMITED

A. P. CRAIG
Vice-President

WITNESS:

R. C. BERRY

N. JOHN MCNEILL
Secretary [CORPORATE
SEAL]

NATIONAL TRUST COMPANY, LIMITED

WINSLOW BENSON
*Manager, Corporate Trust
Department*

WITNESS:

W. W. TARVER

G. D. FORSYTH
Assistant Secretary-Treasurer [CORPORATE
SEAL]

THE FIRST SCHEDULE

Referred to in the annexed Deed of Trust and Mortgage dated as of January 1, 1957 between Trans-Canada Pipe Lines Limited and National Trust Company, Limited.

[FORM OF COUPON BOND OF THE 1978 UNITED STATES SERIES]

TRANS-CANADA PIPE LINES LIMITED

FIRST MORTGAGE PIPE LINE BOND, 5¼% SERIES DUE OCTOBER 1, 1978

No. M U. S.

\$1,000 (U. S.)

TRANS-CANADA PIPE LINES LIMITED, a corporation incorporated by Special Act of the Parliament of Canada, Statutes of Canada 1951, 15 George VI, Chapter 92, as amended (herein called the "Company", which term shall include any successor corporation as defined in the Indenture herein referred to), for value received, hereby promises to pay to the bearer or, if this Bond be registered as to principal, to the registered owner hereof, on October 1, 1978 or on such earlier date as the principal hereof may become due in accordance with the provisions of said Indenture, the sum of One Thousand Dollars in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts in the United States of America (together with such other sums, if any, as may be payable by way of premium) and to pay interest on the principal hereof in like coin or currency from April 1, 1957, at the rate of 5¼% per annum, payable semi-annually on the first days of April and October in each year both before and after maturity and before and after default with interest at the same rate on any overdue installment of interest, but only, in case of interest due on or before maturity, according to the tenor and upon presentation and surrender of the respective coupons therefor hereto attached as they severally mature. Both principal of and interest and premium, if any, on this Bond are payable at the principal office of J. P. Morgan & Co. Incorporated in the Borough of Manhattan, The City of New York, or at such other agency of the Company as shall at the time be maintained for that purpose in the Borough of Manhattan, The City of New York.

This Bond is one of a duly authorized issue of Bonds of the Company (herein called the "Bonds") of the series hereinafter specified, all issued and to be issued under and equally secured by a Deed of Trust and Mortgage (herein, together with all indentures supplemental thereto, called the "Indenture") dated as of January 1, 1957, executed by the Company to National Trust Company, Limited (herein called the "Trustee"), to which reference is hereby made for a description of the properties mortgaged, hypothecated, pledged and charged, the nature and extent of the security, the rights and limitations of rights of the bearers or registered owners of the Bonds and the rights, duties and immunities of the Trustee in respect thereof, and the terms and conditions upon which the Bonds are, and are to be, secured. The Bonds may be issued in series, for various principal sums, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. This Bond is one of a series designated as the "First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978" (herein called the "Bonds of the 1978 United States Series") of the Company, issued under and secured by the Indenture and limited to U. S. \$100,990,000 aggregate principal amount. The Bonds of the 1978 United States Series and the Bonds of the series designated as "First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978", also issued under and secured by the Indenture and limited to Can. \$23,010,000 aggregate principal amount, are herein collectively called "Bonds of the 1978 Series."

As more fully set forth in the Indenture, the Bonds of the 1978 Series are subject to redemption at any time or from time to time prior to maturity, at the option of the Company, either as a whole or in part, upon payment of the percentages of the principal amount thereof set forth below under the heading "Optional Redemption Prices", together with accrued interest to the redemption date (except that no redemption may be carried out prior to June 1, 1972 directly or indirectly as a part of, or in anticipation of, any refunding operation involving the incurring of indebtedness which has an interest rate or cost to the Company or other obligor, computed in accordance with generally accepted financial practice, of 5¼% per annum or less), upon notice given by publication once in each of two separate calendar weeks in one newspaper in each of the Cities of Montreal and Toronto, Canada, and in the Borough of Manhattan, The City of New York, printed in the English

language and customarily published at least once a day for at least five business days each week and of general circulation (the first of such publications to be not more than 60 and not less than 30 days before the redemption date); provided, however, that if all the Bonds of the 1978 Series at the time outstanding shall be coupon Bonds registered as to principal or registered Bonds without coupons, then, in lieu of such publication, such notice may be given by mailing the same to the registered holders of the Bonds to be redeemed not more than 60 and not less than 30 days before the redemption date; subject in either case to all the provisions and conditions of the Indenture. The optional redemption prices (expressed in percentages of principal amount) and the several periods to which such prices are applicable, are as follows:

Periods	Optional Redemption Prices
To and including June 1, 1973	105
June 2, 1973 to and including June 1, 1974	104
June 2, 1974 to and including June 1, 1975	103
June 2, 1975 to and including June 1, 1976	102
June 2, 1976 to and including June 1, 1977	101
June 2, 1977 to and including October 1, 1978	100

As more fully set forth in the Indenture and upon notice given as above provided, Bonds of the 1978 Series are also subject to redemption at the amounts stated below, plus, in each case, accrued interest to the redemption date: (a) at the principal amount thereof, on April 1 or October 1 of any year, by the application, under certain circumstances, of moneys theretofore received by the Trustee as proceeds of insurance on property subject to the specific lien of the Indenture or by the application, under certain circumstances, of moneys received by the Trustee as the proceeds of certain notes issuable by the Company or deposited by the Company with the Trustee in respect of depreciation accruals; (b) at the principal amount thereof, on or before December 1, 1964, by the application, under certain circumstances, of moneys theretofore received by the Trustee, but not utilized, for the payment of construction costs of the Project through the Compressor Station Completion Date, as defined in the Indenture; and (c) at redemption prices equal to the applicable optional redemption prices reduced by an amount equal to one-half of the excess thereof over the principal amount of the Bonds being redeemed, on April 1 and October 1 of any year, by

the application, under certain circumstances, of moneys theretofore received by the Trustee upon the taking by governmental authority of property subject to the specific lien of the Indenture.

The Bonds of the 1978 Series are entitled to the benefits of the sinking fund provided in the Indenture and are subject to redemption on October 1, 1961 (or, under certain circumstances, on April 1 or October 1, 1959, April 1 or October 1, 1960 or April 1, 1961), and on each April 1 and October 1 thereafter, through the operation of such sinking fund, at the principal amount thereof together with accrued interest to the redemption date, upon notice given in the manner provided in the case of redemption at the option of the Company.

As more fully set forth in the Indenture, the Company, under the circumstances set forth in §3.07 of the Indenture, shall, on or before October 1, 1960, redeem the Bonds of the 1978 Series as a whole, at the principal amount thereof and accrued interest to the redemption date, upon notice given in the manner above provided.

The Indenture contains provisions for holding meetings of Bondholders and for making binding upon all Bondholders extraordinary resolutions passed at such meetings in accordance with such provisions and consents or other instruments in writing signed by the holders of a specified majority of the Bonds outstanding; but no such resolutions or instruments shall authorize the creation of any lien not otherwise permitted by the Indenture ranking prior to or on a parity with the specific lien of the Indenture with respect to any of the specifically mortgaged property or shall reduce the proportion of the holders of Bonds of the 1978 Series required to pass any such resolution or give any such consent or approval without the consent of the holders of all the Bonds of the 1978 Series then outstanding, and no such resolutions or instruments shall extend the fixed maturity of the Bonds of the 1978 Series or any of them or reduce the rate or extend the time of payment of interest thereon or reduce the amount of the principal thereof or reduce any premium payable on the redemption thereof or change the respective currencies in which the same are expressed to be payable or otherwise modify the terms of payment of such interest, principal or redemption premium or change the sinking fund provisions applicable to the Bonds of the 1978 Series or deprive the holder of any Bond of the 1978 Series of the lien upon the specifically mortgaged property (except as specifically permitted by the Indenture) without the consent of the holder of each Bond of the 1978 Series so affected.

In case an event of default, as defined in the Indenture, shall occur and be continuing, the principal of all the Bonds at any such time outstanding under the Indenture may be declared and become due and payable, upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the holders of a majority in principal amount of the Bonds outstanding.

This Bond is transferable by delivery except while registered as to principal. This Bond may, from time to time, be registered as to principal in the name of the holder at the principal office of J. P. Morgan & Co. Incorporated in the Borough of Manhattan, The City of New York, or at such other agency of the Company as shall at the time be maintained for that purpose in the Borough of Manhattan, The City of New York, on books of the Company to be kept for that purpose at said office, and such registration shall be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered owner hereof in person or by duly authorized attorney and similarly noted hereon, but this Bond may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; provided that this Bond may again, from time to time, be registered or discharged from registration in the same manner. Such registration, however, shall not affect the negotiability of the coupons hereto appertaining, which shall always be payable to bearer and transferable by delivery, and payment to the bearer thereof shall fully discharge the Company in respect of the interest therein mentioned, whether or not this Bond at the time be registered as to principal.

The Company, the Trustee, any paying agent and any registrar may deem and treat the bearer of this Bond, or, if this Bond is registered as to principal as herein authorized, the person in whose name this Bond is registered, and the bearer of any interest coupon appurtenant hereto whether or not this Bond shall be registered as to principal, as the absolute owner of this Bond or such coupon, as the case may be (whether or not this Bond or such coupon shall be overdue), for the purpose of receiving payment thereof or on account thereof and for all other purposes, and the Company, the Trustee, any paying agent and any registrar shall not be affected by any notice to the contrary.

The coupon Bonds of the 1978 United States Series and the registered Bonds without coupons of the 1978 United States Series are

interchangeable upon presentation thereof for the purpose at the above mentioned office or other agency and upon payment of charges and subject to the terms and conditions set forth in the Indenture.

No recourse shall be had for the payment of the principal of, or the interest or premium, if any, on, this Bond, or for any claim based hereon or on the Indenture, against any incorporator or against any shareholder, director or officer, past, present, or future, of the Company, or of any predecessor or successor corporation, as such, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, shareholders, directors or officers being released by every bearer or registered owner hereof by the acceptance of this Bond and as part of the consideration for the issue hereof and being likewise released by the terms of the Indenture.

Neither this Bond, nor any of the coupons for interest hereon, shall be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until National Trust Company, Limited, the Trustee under the Indenture, or a successor trustee thereto under the Indenture, shall have signed the form of authentication certificate imprinted hereon.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its corporate seal or a facsimile thereof to be hereunto affixed or imprinted hereon and this Bond to be signed by, or to have placed thereon the facsimile signature or signatures of, its President or a Vice President and its Secretary or an Assistant Secretary, and interest coupons bearing the facsimile signature of its Treasurer to be attached hereto, as of the first day of April, 1957.

TRANS-CANADA PIPE LINES LIMITED

[CORPORATE SEAL]

By.....
President or Vice President.

.....
Secretary or Assistant Secretary.

SCHEDULE

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[FORM OF COUPON APPURTENANT TO BONDS OF THE 1978
UNITED STATES SERIES]

No. M.....U. S.

\$26.25 (U. S.)

On the first day of, 19....., unless the Bond herein mentioned shall have been duly called for previous redemption and payment thereof duly provided for, TRANS-CANADA PIPE LINES LIMITED will pay to the bearer, on surrender of this coupon at the principal office of J. P. Morgan & Co. Incorporated in the Borough of Manhattan, The City of New York, or at such other agency of the Company as shall at the time be maintained for that purpose in the Borough of Manhattan, The City of New York, Twenty-six and 25/100 Dollars in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts in the United States of America, being six months' interest then payable on its First Mortgage Pipe Line Bond, 5¼% Series due October 1, 1978, No. M..... U. S.

Treasurer.

[FORM OF COUPON BOND OF THE 1978 CANADIAN SERIES]

The form of coupon Bond of the 1978 Canadian Series shall be the same as the foregoing form of coupon Bond of the 1978 United States Series except as follows:

(a) The heading and the first paragraph shall read as follows:

“TRANS-CANADA PIPE LINES LIMITED

FIRST MORTGAGE PIPE LINE BOND, 5½% SERIES DUE
OCTOBER 1, 1978

No. M..... Canadian

\$1,000 (Canadian)

“Trans-Canada Pipe Lines Limited, a corporation incorporated by Special Act of the Parliament of Canada, Statutes of Canada 1951, 15 George VI, Chapter 92, as amended (herein

called the "Company", which term shall include any successor corporation as defined in the Indenture herein referred to), for value received, hereby promises to pay to the bearer or, if this Bond be registered as to principal, to the registered owner hereof, on October 1, 1978 or on such earlier date as the principal hereof may become due in accordance with the provisions of said Indenture, the sum of One Thousand Dollars in lawful money of Canada (together with such other sums, if any, as may be payable by way of premium) and to pay interest on the principal hereof in like money from April 1, 1957 at the rate of 5½% per annum, payable semi-annually on the first days of April and October in each year both before and after maturity and before and after default with interest at the same rate on any overdue installment of interest, but only, in case of interest due on or before maturity, according to the tenor and upon presentation and surrender of the respective coupons therefor hereto attached as they severally mature. Both principal of and interest and premium, if any, on this Bond are payable at the election of the holder hereof at the principal office of either The Royal Bank of Canada or The Canadian Bank of Commerce in the City of Toronto or the City of Montreal, Canada."

(b) The last two sentences of the second paragraph of said Bond shall read as follows:

"This Bond is one of a series designated as the 'First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978' (herein called the 'Bonds of the 1978 Canadian Series') of the Company, issued under and secured by the Indenture and limited to Can. \$23,010,000 aggregate principal amount. The Bonds of the 1978 Canadian Series and the Bonds of the series designated as 'First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978', also issued under and secured by the Indenture and limited to U. S. \$100,990,000 aggregate principal amount, are herein collectively called 'Bonds of the 1978 Series'."

(c) The second sentence of the ninth paragraph of said Bond shall read as follows:

“This Bond may, from time to time, be registered as to principal in the name of the holder at the principal office of the Trustee in the City of Toronto or the City of Montreal, Canada, or at such other place or places (if any) as the Company with the approval of the Trustee may designate, on books of the Company to be kept for that purpose at said offices, and such registration shall be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered owner hereof in person or by duly authorized attorney and similarly noted hereon, but this Bond may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; provided that this Bond may again, from time to time, be registered or discharged from registration in the same manner.”

(d) The eleventh paragraph of said Bond shall read as follows:

“The coupon Bonds of the 1978 Canadian Series and the registered Bonds without coupons of the 1978 Canadian Series are interchangeable upon presentation thereof for the purpose and upon payment of charges and subject to the terms and conditions set forth in the Indenture.”

[FORM OF COUPON APPURTENANT TO BONDS OF THE 1978
CANADIAN SERIES]

No. M..... Canadian

\$27.50(Canadian)

On the first day of _____, 19____, unless the Bond herein mentioned shall have been duly called for previous redemption and payment thereof duly provided for, TRANS-CANADA PIPE LINES LIMITED will pay to the bearer, on surrender of this coupon, at the election of the holder, at the principal office of either The Royal Bank of Canada or The Canadian Bank of Commerce in the City of Toronto or the City of Montreal, Canada, Twenty-seven and 50/100 Dollars in lawful money of Canada, being six months' interest then payable on its First Mortgage Pipe Line Bond, 5½% Series due October 1, 1978, No. M Canadian.

Treasurer

[FORM OF REGISTERED BOND WITHOUT COUPONS OF THE 1978
UNITED STATES SERIES]

TRANS-CANADA PIPE LINES LIMITED

FIRST MORTGAGE PIPE LINE BOND, 5¼% SERIES DUE OCTOBER 1, 1978

No. U. S.

\$.....(U. S.)

TRANS-CANADA PIPE LINES LIMITED, a corporation incorporated by Special Act of the Parliament of Canada, Statutes of Canada 1951, 15 George VI, Chapter 92, as amended (herein called the "Company", which term shall include any successor corporation as defined in the Indenture herein referred to), for value received, hereby promises to pay to or registered assigns, on October 1, 1978 or on such earlier date as the principal hereof may become due in accordance with the provisions of said Indenture, the sum of

Dollars in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts in the United States of America (together with such other sums, if any, as may be payable by way of premium) and to pay interest on the principal hereof in like coin or currency from the date hereof, at the rate of 5¼% per annum, payable semi-annually on the first days of April and October in each year both before and after maturity and before and after default with interest at the same rate on any overdue installment of interest. Both principal of and interest and premium, if any, on this Bond are payable at the principal office of J. P. Morgan & Co. Incorporated in the Borough of Manhattan, The City of New York, or at such other agency of the Company as shall hereafter from time to time be maintained for that purpose in the Borough of Manhattan, The City of New York.

This Bond is one of a duly authorized issue of Bonds of the Company (herein called the "Bonds") of the series hereinafter specified, all issued and to be issued under and equally secured by a Deed of Trust and Mortgage (herein, together with all indentures supplemental thereto, called the "Indenture") dated as of January 1, 1957, executed by the Company to National Trust Company, Limited (herein called the

“Trustee”), to which reference is hereby made for a description of the properties mortgaged, hypothecated, pledged and charged, the nature and extent of the security, the rights and limitations of rights of the bearers or registered owners of the Bonds and the rights, duties and immunities of the Trustee in respect thereof, and the terms and conditions upon which the Bonds are, and are to be, secured. The Bonds may be issued in series, for various principal sums, may mature at different times may bear interest at different rates and may otherwise vary as in the Indenture provided. This Bond is one of a series designated as the “First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978” (herein called the “Bonds of the 1978 United States Series”) of the Company, issued under and secured by the Indenture and limited to U. S. \$100,990,000 aggregate principal amount. The Bonds of the 1978 United States Series and the Bonds of the series designated as “First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978”, also issued under and secured by the Indenture and limited to Can. \$23,010,000 aggregate principal amount, are herein collectively called “Bonds of the 1978 Series.”

As more fully set forth in the Indenture, the Bonds of the 1978 Series are subject to redemption at any time or from time to time prior to maturity, at the option of the Company, either as a whole or in part, upon payment of the percentages of the principal amount thereof set forth below under the heading “Optional Redemption Prices”, together with accrued interest to the redemption date (except that no redemption may be carried out prior to June 1, 1972 directly or indirectly as a part of, or in anticipation of, any refunding operation involving the incurring of indebtedness which has an interest rate or cost to the Company or other obligor, computed in accordance with generally accepted financial practice, of 5¼% per annum or less), upon notice given by publication once in each of two separate calendar weeks in one newspaper in each of the Cities of Montreal and Toronto, Canada, and in the Borough of Manhattan, The City of New York, printed in the English language and customarily published at least once a day for at least five business days each week and of general circulation (the first of such publications to be not more than 60 and not less than 30 days before the redemption date); provided, however, that if all the Bonds of the 1978 Series at the time outstanding shall be coupon Bonds registered as to principal or registered Bonds without coupons, then, in lieu of such

publication, such notice may be given by mailing the same to the registered holders of the Bonds to be redeemed not more than 60 and not less than 30 days before the redemption date; subject in either case to all the provisions and conditions of the Indenture. The optional redemption prices (expressed in percentages of principal amount) and the several periods to which such prices are applicable, are as follows:

Periods	Optional Redemption Prices
To and including June 1, 1973	105
June 2, 1973 to and including June 1, 1974	104
June 2, 1974 to and including June 1, 1975	103
June 2, 1975 to and including June 1, 1976	102
June 2, 1976 to and including June 1, 1977	101
June 2, 1977 to and including October 1, 1978	100

As more fully set forth in the Indenture and upon notice given as above provided, Bonds of the 1978 Series are also subject to redemption at the amounts stated below, plus, in each case, accrued interest to the redemption date: (a) at the principal amount thereof, on April 1 or October 1 of any year, by the application, under certain circumstances, of moneys theretofore received by the Trustee as proceeds of insurance on property subject to the specific lien of the Indenture or by the application, under certain circumstances, of moneys received by the Trustee as the proceeds of certain notes issuable by the Company or deposited by the Company with the Trustee in respect of depreciation accruals; (b) at the principal amount thereof, on or before December 1, 1964, by the application, under certain circumstances, of moneys theretofore received by the Trustee, but not utilized, for the payment of construction costs of the Project through the Compressor Station Completion Date, as defined in the Indenture; and (c) at redemption prices equal to the applicable optional redemption prices reduced by an amount equal to one-half of the excess thereof over the principal amount of the Bonds being redeemed, on April 1 and October 1 of any year, by the application, under certain circumstances, of moneys theretofore received by the Trustee upon the taking by governmental authority of property subject to the specific lien of the Indenture.

The Bonds of the 1978 Series are entitled to the benefits of the sinking fund provided in the Indenture and are subject to redemption

on October 1, 1961 (or, under certain circumstances, on April 1 or October 1, 1959, April 1 or October 1, 1960 or April 1, 1961), and on each April 1 and October 1 thereafter, through the operation of such sinking fund, at the principal amount thereof together with accrued interest to the redemption date, upon notice given in the manner provided in the case of redemption at the option of the Company.

As more fully set forth in the Indenture, the Company, under the circumstances set forth in §3.07 of the Indenture, shall, on or before October 1, 1960, redeem the Bonds of the 1978 Series as a whole, at the principal amount thereof and accrued interest to the redemption date, upon notice given in the manner above provided.

In the event of the selection for redemption (whether for the sinking fund or otherwise) of a portion only of the principal of this Bond, unless the registered holder of this Bond and the Company shall have otherwise agreed, payment of the redemption price will be made only (a) upon presentation of this Bond for notation hereon of such payment of the portion of the principal of this Bond so redeemed, or (b) upon surrender of this Bond in exchange for a Bond or Bonds of the 1978 United States Series in either fully registered or coupon form (but only of authorized denominations) for the unredeemed balance of the principal of this Bond.

The Indenture contains provisions for holding meetings of Bondholders and for making binding upon all Bondholders extraordinary resolutions passed at such meetings in accordance with such provisions and consents or other instruments in writing signed by the holders of a specified majority of the Bonds outstanding; but no such resolutions or instruments shall authorize the creation of any lien not otherwise permitted by the Indenture ranking prior to or on a parity with the specific lien of the Indenture with respect to any of the specifically mortgaged property or shall reduce the proportion of the holders of Bonds of the 1978 Series required to pass any such resolution or give any such consent or approval without the consent of the holders of all the Bonds of the 1978 Series then outstanding, and no such resolutions or instruments shall extend the fixed maturity of the Bonds of the 1978 Series or any of them or reduce the rate or extend the time of payment of interest thereon or reduce the amount of the principal thereof or reduce any premium payable on the redemption thereof or change the respective currencies in which the same are expressed to be payable or otherwise modify the terms of pay-

ment of such interest, principal or redemption premium or change the sinking fund provisions applicable to the Bonds of the 1978 Series or deprive the holder of any Bonds of the 1978 Series of the lien upon the specifically mortgaged property (except as specifically permitted by the Indenture) without the consent of the holder of each Bond of the 1978 Series so affected.

In case an event of default, as defined in the Indenture, shall occur, the principal of all the Bonds at any such time outstanding under the Indenture may be declared and become due and payable, upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the holders of a majority in principal amount of the Bonds outstanding.

This Bond is transferable by the registered owner hereof, in person or by duly authorized attorney, at the principal office of J. P. Morgan & Co. Incorporated in the Borough of Manhattan, The City of New York, or at such other agency of the Company as shall at the time be maintained for that purpose in the Borough of Manhattan, The City of New York, on books of the Company to be kept for that purpose at said office, upon surrender and cancellation of this Bond and on presentation of a duly executed written instrument of transfer, and thereupon a new registered Bond or Bonds without coupons of the 1978 United States Series, of the same aggregate principal amount and in authorized denominations, will be issued to the transferee or transferees in exchange herefor. This Bond, with or without others of like form of the 1978 United States Series, may in like manner be exchanged for one or more new registered Bonds of the 1978 United States Series of other authorized denominations but of the same aggregate principal amount.

The Company, the Trustee, any paying agent and any registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest and premium, if any, due hereon, and for all other purposes, and the Company, the Trustee, any paying agent and any registrar shall not be affected by any notice to the contrary.

The coupon Bonds of the 1978 United States Series and the registered Bonds without coupons of the 1978 United States Series

are interchangeable upon presentation thereof for the purpose at the above mentioned office or other agency. Any transfer or exchange of this Bond shall be upon payment of charges and subject to the terms and conditions set forth in the Indenture.

No recourse shall be had for the payment of the principal of, or the interest or premium, if any, on, this Bond, or for any claim based hereon or on the Indenture, against any incorporator or against any shareholder, director or officer, past, present or future, of the Company, or of any predecessor or successor corporation, as such, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, shareholders, directors or officers being released by every owner hereof by the acceptance of this Bond and as part of the consideration for the issue hereof and being likewise released by the terms of the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose, until National Trust Company, Limited, the Trustee under the Indenture, or a successor trustee thereto under the Indenture, shall have signed the form of authentication certificate imprinted hereon.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its corporate seal or a facsimile thereof to be hereunto affixed or imprinted hereon and this Bond to be signed by, or to have placed thereon the facsimile signature or signatures of, its President or a Vice President and its Secretary or an Assistant Secretary.

Dated.....

TRANS-CANADA PIPE LINES LIMITED

By.....
President or Vice President.

[CORPORATE SEAL]

.....
Secretary or Assistant Secretary.

[FORM OF REGISTERED BOND WITHOUT COUPONS OF THE
1978 CANADIAN SERIES]

The form of registered Bond without coupons of the 1978 Canadian Series shall be the same as the foregoing form of registered Bond without coupons of the 1978 United States Series except as follows:

(a) The heading and the first paragraph shall read as follows:

“TRANS-CANADA PIPE LINES LIMITED

First Mortgage Pipe Line Bond, 5½% Series due
October 1, 1978

No. Canadian

\$..... (Canadian)

“Trans-Canada Pipe Lines Limited, a corporation incorporated by Special Act of the Parliament of Canada, Statutes of Canada 1951, 15 George VI, Chapter 92, as amended (herein called the “Company”, which term shall include any successor corporation as defined in the Indenture herein referred to), for value received, hereby promises to pay to or registered assigns, on October 1, 1978 or on such earlier date as the principal hereof may become due in accordance with the provisions of said Indenture, the sum of

Dollars in lawful money of Canada (together with such other sums, if any, as may be payable by way of premium) and to pay interest on the principal hereof in like money from the date hereof, at the rate of 5½% per annum, payable semi-annually on the first days of April and October in each year both before and after maturity and before and after default with interest at the same rate on any overdue installment of interest. Both principal of and interest and premium, if any, on this Bond are payable at the election of the holder hereof at the principal office of either The Royal Bank of Canada or The Canadian Bank of Commerce in the City of Toronto or the City of Montreal, Canada.”

(b) The last two sentences of the second paragraph of said Bond shall read as follows:

“This Bond is one of a series designated as the ‘First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978’ (herein called the ‘Bonds of the 1978 Canadian Series’) of the Company, issued under and secured by the Indenture, and limited to Can. \$23,010,000 aggregate principal amount. The Bonds of the 1978 Canadian Series and the Bonds of the series designated as ‘First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978’, also issued under and secured by the Indenture and limited to U. S. \$100,990,000 aggregate principal amount, are herein collectively called ‘Bonds of the 1978 Series.’ ”

(c) In the seventh paragraph of said Bond the words ‘1978 United States Series’ shall be changed to read ‘1978 Canadian Series.’

(d) The tenth paragraph of said Bond shall read as follows:

“This Bond is transferable by the registered owner hereof, in person or by duly authorized attorney, at the principal office of the Trustee in the City of Toronto or the City of Montreal, Canada, or at such other place or places (if any) as the Company with the approval of the Trustee may designate, on books of the Company to be kept for that purpose at said offices, upon surrender and cancellation of this Bond and on presentation of a duly executed written instrument of transfer, and thereupon a new registered Bond or Bonds without coupons of the 1978 Canadian Series, of the same aggregate principal amount, and in authorized denominations, will be issued to the transferee or transferees in exchange herefor. This Bond, with or without others of like form of the 1978 Canadian Series, may in like manner be exchanged for one or more new registered Bonds of the 1978 Canadian Series of other authorized denominations but of the same aggregate principal amount.”

(e) The first sentence of the twelfth paragraph of said Bond shall read as follows:

“The coupon Bonds of the 1978 Canadian series and the registered Bonds without coupons of the 1978 Canadian Series are interchangeable upon presentation thereof for the purpose.”

[FORM OF TRUSTEE'S AUTHENTICATION CERTIFICATE
FOR ALL BONDS OF THE 1978 SERIES]

This Bond is one of the Bonds, of the series designated therein,
described in the within-mentioned Indenture.

NATIONAL TRUST COMPANY, LIMITED,
as Trustee

By.....
Authorized Officer.

THE SECOND SCHEDULE.

Referred to in the annexed Deed of Trust and Mortgage dated as of January 1, 1957 between Trans-Canada Pipe Lines Limited and National Trust Company, Limited.

PART ONE. LANDS AND INTERESTS THEREIN.

A. Alberta Fee Simple Land.

The Metering Station site in the East Half of Section Eleven (11) in Township Twenty (20) Range one (1) West of the Fourth Meridian in the Province of Alberta as shown on a plan filed in the Land Titles Office for the South Alberta Land Registration District as No. 4871 G.V. containing Five (5) Acres more or less.

Reserving unto the Province of Alberta, its successors and assigns all mines and minerals and the right to work the same as set forth in Notification Registered as 5337 E.S. and also subject to such other reservations, conditions, rights and provisos as are contained in the said Notification.

The foregoing lands are presently comprised and described in Certificate of Title No. 96Y75.

B. Saskatchewan Fee Simple Land.

Parcel A, being a portion of the south-east quarter of Section 8 in Township 20 in Range 29, west of the 3rd meridian in the Province of Saskatchewan, as the same is shown upon a plan (filed under Section 95 of the Land Titles Act) on record in the Land Titles Office for the Swift Current Land Registration District as No. DV4804 subject to mineral exceptions, reservations and conditions contained in Instrument No. AR611.

C. Manitoba Fee Simple Land. None.

D. All of the following rights-of-way, easements, authorizations, licenses, franchises, grants and/or permits in the Province of Alberta acquired under and by execution and delivery of the instruments hereinafter described the same being identified by the numbers of record in the Land Titles Office for the Alberta Land Registration District named in subdivision 1 of this subdivision D, dates of grant dates of registration, plan numbers and legal descriptions of the land affected; governmental subdivisions and points of the compass being in abbreviated form; the letters "N", "S", "E" and "W" being used to indicate north, south, east and west; portions of sections being abbreviated as for example: "NW $\frac{1}{4}$ " meaning the North West Quarter; "S $\frac{1}{2}$ " meaning the South Half; townships being sometimes abbreviated or indicated by the letter "T"; ranges by the letter "R"; meridians by the letter "M"; fractions and other irregular parcels by the letters "Fr"; Block by the letters "Bk"; Lot by the word "lot"; Legal Subdivisions by the letters "LSD"; Plan by the letters "Pl"; Subdivisions by the letters "Subdiv."; Road Plans by the letters "R.P."; Railway Plans by the letters "Rly.P."; the words "Section", "Township", "Range" and "Meridian" or capital letters of other abbreviations being sometimes omitted; for illustrations: "2-48-14-W4" indicating Section Two (2) of Township Forty-eight (48) Range Fourteen (14) West of the Fourth Meridian:

1. THE SOUTH ALBERTA LAND REGISTRATION DISTRICT

Registration No.	Date of Grant	Date of Registration	Plan No.	Description		
				That portion of each of the under-mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the South Alberta Land Registration District.		
4341 H. D.	June 20, 1956	Sept. 5, 1956	GV4871	E½	12-20-1	W4
4342 H. D.	June 21, 1956	Sept. 5, 1956	GV4871	W½	12-20-1	W4

E. All of the following rights-of-way, rights, privileges, liberties, easements, authorizations, licenses, franchises, grants and/or permits in the Province of Saskatchewan acquired under and by execution and delivery of the instruments hereinafter described the same being identified by the numbers of record in the Land Titles Offices for the Saskatchewan Land Registration Districts named in subdivision 1 and the following subdivisions of this subdivision E, dates of grant, dates of registration or filing, plan numbers and legal descriptions of the land affected; governmental subdivisions and points of the compass being in abbreviated form; the letters "N", "S", "E" and "W" being used to indicate north, south, east and west; portions of sections being abbreviated as for example: "NW¼" meaning the North West Quarter; "S½" meaning the South Half; townships being sometimes abbreviated or indicated by the letter "T"; ranges by the letter "R"; meridians by the letter "M"; fractions and other irregular parcels by the letters "Fr"; Block by the letters "Bk"; Lot by the word "lot"; Legal Subdivisions by the letters "LSD"; Plan by the letters "Pl"; Subdivisions by the letters "subdiv."; Road Plans by the letters "R.P."; Railway Plans by the letters "Rly. P."; the words "Section", "Township", "Range" and "Meridian" or capital letters of other abbreviations being sometimes omitted; for illustrations: "2-18-20 W3rd" indicating Section Two (2) of Township Eighteen (18), Range Twenty (20), West of the Third Meridian:

1. THE SWIFT CURRENT LAND REGISTRATION DISTRICT, SASKATCHEWAN

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
				That portion of each of the under-mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Swift Current Land Registration District.		
EB 586	June 19, 1956	July 12, 1956	DU 4131	SW¼	11-20-29	W3M
EB 573	June 20, 1956	July 12, 1956	DU 4131	SW¼	12-20-29	W3M
EB 585	June 20, 1956	July 12, 1956	DU 4131	SE¼	12-20-29	W3M
EB 591	June 19, 1956	July 12, 1956	DX 1969	N½	4-20-28	W3M
EB 613	June 12, 1956	July 18, 1956	DX 1969	NW¼	3-20-28	W3M
EB 589	June 19, 1956	July 12, 1956	DX 1969	NE¼	3-20-28	W3M
EB 590	June 19, 1956	July 12, 1956	DX 1969	NW¼	2-20-28	W3M
EB 584	June 19, 1956	July 12, 1956	DX 1969	NE¼	2-20-28	W3M
EB 588	June 19, 1956	July 12, 1956	DX 1969	NE¼	1-20-28	W3M

Registration or Filing No.		Date of Grant	Date of Registration or Filing	Plan No.	Description That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Swift Current Land Regis- tration District.		
EB 564	June 19, 1956	July 12, 1956	DV 4370	NW $\frac{1}{4}$	6-20-27	W3M	
EB 572	June 22, 1956	July 12, 1956	DV 4370	NE $\frac{1}{4}$	6-20-27	W3M	
EB 571	June 21, 1956	July 12, 1956	DV 4370	NW $\frac{1}{4}$	5-20-27	W3M	
EB 583	June 18, 1956	July 12, 1956	DV 4370	NE $\frac{1}{4}$	5-20-27	W3M	
EB 570	June 21, 1956	July 12, 1956	DV 4370	S $\frac{1}{2}$	5-20-27	W3M	
DX 4887	July 9, 1956	July 19, 1956	DV 4370	S $\frac{1}{2}$	4-20-27	W3M	
EB 565	June 21, 1956	July 12, 1956	DV 4370	SE $\frac{1}{4}$	2-20-27	W3M	
EB 582	June 18, 1956	July 12, 1956	DV 4370	SE $\frac{1}{4}$	1-20-27	W3M	
EB 568	June 21, 1956	July 12, 1956	DV 4371	SW $\frac{1}{4}$	6-20-26	W3M	
EB 569	June 21, 1956	July 12, 1956	DV 4371	SW $\frac{1}{4}$	5-20-26	W3M	
EB 587	June 18, 1956	July 12, 1956	DV 4371	N $\frac{1}{2}$	32-19-26	W3M	
DX 4857	July 4, 1956	July 13, 1956	DV 4371	NW $\frac{1}{4}$	34-19-26	W3M	
DX 4856	July 4, 1956	July 13, 1956	DV 4371	NE $\frac{1}{4}$	34-19-26	W3M	
DX 4855	July 4, 1956	July 13, 1956	DV 4371	NW $\frac{1}{4}$	35-19-26	W3M	
DZ 4319	June 27, 1956	July 23, 1956	DV 4372	SE $\frac{1}{4}$	34-19-25	W3M	
DZ 4320	June 27, 1956	July 23, 1956	DV 4372	SW $\frac{1}{4}$	36-19-25	W3M	
EB 567	July 2, 1956	July 12, 1956	DV 4372	SE $\frac{1}{4}$	36-19-25	W3M	
EB 577	July 2, 1956	July 12, 1956	DV 4367	SW $\frac{1}{4}$	31-19-24	W3M	
EB 581	June 27, 1956	July 12, 1956	DV 4367	N $\frac{1}{2}$	30-19-24	W3M	
DZ 4321	June 28, 1956	July 23, 1956	DV 4369	N $\frac{1}{2}$	22-19-22	W3M	
DZ 4322	June 28, 1956	July 23, 1956	DV 4369	N $\frac{1}{2}$	23-19-22	W3M	
DZ 4323	June 28, 1956	July 23, 1956	DV 4369	NW $\frac{1}{4}$	24-19-22	W3M	
DZ 4324	June 28, 1956	July 23, 1956	DV 4364	N $\frac{1}{2}$	19-19-21	W3M	
DZ 4325	June 28, 1956	July 23, 1956	DV 4364	NW $\frac{1}{4}$	20-19-21	W3M	
				SW $\frac{1}{4}$	20-19-21	W3M	
DZ 4326	June 28, 1956	July 23, 1956	DV 4364	NE $\frac{1}{4}$	20-19-21	W3M	
DZ 4327	June 28, 1956	July 23, 1956	DV 4364	SE $\frac{1}{4}$	20-19-21	W3M	
DX 4854	July 5, 1956	July 13, 1956	DV 4364	S $\frac{1}{2}$	22-19-21	W3M	
DX 4853	July 5, 1956	July 13, 1956	DV 4364	NW $\frac{1}{4}$	13-19-21	W3M	
EB 566	July 2, 1956	July 12, 1956	DV 4365	N $\frac{1}{2}$	18-19-20	W3M	
EB 579	June 20, 1956	July 12, 1956	DV 4365	NE $\frac{1}{4}$	17-19-20	W3M	
DX 4852	July 5, 1956	July 13, 1956	DV 4365	W $\frac{1}{2}$	16-19-20	W3M	
EB 580	June 20, 1956	July 12, 1956	DV 4365	S $\frac{1}{2}$	15-19-20	W3M	
DX 4851	July 5, 1956	July 13, 1956	DV 4365	SW $\frac{1}{4}$	13-19-20	W3M	
DX 4850	July 5, 1956	July 13, 1956	DV 4365	SE $\frac{1}{4}$	13-19-20	W3M	
DX 4888	July 13, 1956	July 19, 1956	DV 4366	SW $\frac{1}{4}$	18-19-19	W3M	
DX 4848	July 5, 1956	July 13, 1956	DV 4366	N $\frac{1}{2}$	8-19-19	W3M	
DX 4849	July 5, 1956	July 13, 1956	DV 4366	NW $\frac{1}{4}$	9-19-19	W3M	
DZ 4328	June 27, 1956	July 23, 1956	DV 4366	NE $\frac{1}{4}$	9-19-19	W3M	

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Swift Current Land Regis- tration District.		
EB 576	June 30, 1956	July 12, 1956	DV 4366	NE $\frac{1}{4}$	11-19-19	W3M
EB 563	June 29, 1956	July 12, 1956	DV 4366	SW $\frac{1}{4}$	12-19-19	W3M
EB 575	June 30, 1956	July 12, 1956	DZ 1001	SW $\frac{1}{4}$	7-19-18	W3M
EB 562	June 30, 1956	July 12, 1956	DZ 1001	SE $\frac{1}{4}$	7-19-18	W3M
EB 574	June 30, 1956	July 12, 1956	DZ 1001	SW $\frac{1}{4}$	8-19-18	W3M
DX 4889	July 10, 1956	July 19, 1956	DZ 1001	NW $\frac{1}{4}$	2-19-18	W3M
DX 4847	July 5, 1956	July 13, 1956	DZ 1001	NE $\frac{1}{4}$	2-19-18	W3M
EB 614	July 6, 1956	July 18, 1956	DZ 1001	NW $\frac{1}{4}$	1-19-18	W3M
EB 561	June 30, 1956	July 12, 1956	DZ 1001	S $\frac{1}{2}$	1-19-18	W3M
EB 615	July 5, 1956	July 18, 1956	DV 4541	SW $\frac{1}{4}$	33-18-17	W3M
EB 616	July 5, 1956	July 18, 1956	DV 4541	SE $\frac{1}{4}$	33-18-17	W3M
EB 617	July 5, 1956	July 18, 1956	DV 4541	SW $\frac{1}{4}$	35-18-17	W3M
EB 618	July 5, 1956	July 18, 1956	DZ 1002	NE $\frac{1}{4}$	30-18-16	W3M
EB 619	July 6, 1956	July 18, 1956	DZ 1002	NE $\frac{1}{4}$	29-18-16	W3M
EB 620	July 6, 1956	July 18, 1956	DZ 1002	N $\frac{1}{2}$	27-18-16	W3M
EB 621	July 7, 1956	July 18, 1956	DZ 1002	W $\frac{1}{2}$	26-18-16	W3M
EB 622	July 11, 1956	July 18, 1956	DZ 1003	SE $\frac{1}{4}$	30-18-15	W3M
DX 4890	July 4, 1956	July 19, 1956	DZ 1003	S $\frac{1}{2}$	28-18-15	W3M
DX 4891	July 5, 1956	July 19, 1956	DZ 1003	S $\frac{1}{2}$	26-18-15	W3M
DX 4892	July 5, 1956	July 19, 1956	DZ 1003	SE $\frac{1}{4}$	25-18-15	W3M
DX 4893	July 5, 1956	July 19, 1956	DZ 1202	NW $\frac{1}{4}$	19-18-14	W3M
DX 4894	July 5, 1956	July 19, 1956	DZ 1202	NE $\frac{1}{4}$	19-18-14	W3M
DX 4895	June 13, 1956	July 19, 1956	DZ 1202	NW $\frac{1}{4}$	22-18-14	W3M
DX 4896	June 13, 1956	July 19, 1956	DZ 1202	NE $\frac{1}{4}$	22-18-14	W3M
DX 4897	June 13, 1956	July 19, 1956	DZ 1202	NE $\frac{1}{4}$	23-18-14	W3M
DZ 4329	June 13, 1956	July 23, 1956	DZ 1202	NW $\frac{1}{4}$	24-18-14	W3M
DX 4946	June 13, 1956	July 30, 1956	DZ 1202	NE $\frac{1}{4}$	24-18-14	W3M
DZ 4330	June 16, 1956	July 23, 1956	DX 2333	NE $\frac{1}{4}$	19-18-13	W3M
DZ 4331	June 16, 1956	July 23, 1956	DX 2333	NW $\frac{1}{4}$	20-18-13	W3M
DZ 4332	June 16, 1956	July 23, 1956	DX 2333	NE $\frac{1}{4}$	20-18-13	W3M
DZ 4333	June 16, 1956	July 23, 1956	DX 2333	SE $\frac{1}{4}$	29-18-13	W3M
DZ 4334	June 16, 1956	July 23, 1956	DX 2333	S $\frac{1}{2}$	26-18-13	W3M
EB 578	June 19, 1956	July 12, 1956	DX 2333	SW $\frac{1}{4}$	25-18-13	W3M
DZ 4335	June 18, 1956	July 23, 1956	DX 2333	SE $\frac{1}{4}$	25-18-13	W3M
DZ 4336	June 16, 1956	July 23, 1956	DZ 1004	S $\frac{1}{2}$	30-18-12	W3M
DZ 4337	June 20, 1956	July 23, 1956	DZ 1004	SW $\frac{1}{4}$	28-18-12	W3M
DZ 4338	June 18, 1956	July 23, 1956	DZ 1004	SW $\frac{1}{4}$	26-18-12	W3M
DZ 4339	June 18, 1956	July 23, 1956	DZ 1004	SE $\frac{1}{4}$	26-18-12	W3M
DZ 4340	June 18, 1956	July 23, 1956	DZ 1004	SE $\frac{1}{4}$	25-18-12	W3M

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DZ 4341	June 19, 1956	July 23, 1956	DZ 1005	SE $\frac{1}{4}$	30-18-11	W3M
DZ 4342	June 29, 1956	July 23, 1956	DZ 1005	SW $\frac{1}{4}$	29-18-11	W3M
DZ 4343	June 29, 1956	July 23, 1956	DZ 1005	SE $\frac{1}{4}$	29-18-11	W3M
DZ 4344	June 18, 1956	July 23, 1956	DZ 1005	SW $\frac{1}{4}$	28-18-11	W3M
DZ 4345	June 21, 1956	July 23, 1956	DZ 1005	NE $\frac{1}{4}$	21-18-11	W3M
DZ 4346	June 19, 1956	July 23, 1956	DZ 1005	NW $\frac{1}{4}$	23-18-11	W3M
DX 4947	June 25, 1956	July 30, 1956	DZ 1005	NE $\frac{1}{4}$	23-18-11	W3M
DZ 4347	June 20, 1956	July 23, 1956	DZ 1006	NW $\frac{1}{4}$	20-18-10	W3M
DZ 4348	June 20, 1956	July 23, 1956	DZ 1006	NW $\frac{1}{4}$	22-18-10	W3M
DX 4948	July 11, 1956	July 30, 1956	DX 2296	NW $\frac{1}{4}$	19-18- 9	W3M
EB 693	June 25, 1956	July 30, 1956	DX 2296	SE $\frac{1}{4}$	21-18- 9	W3M
DX 4949	June 26, 1956	July 30, 1956	DX 2296	LSD 1, 2, 7, 8, of		
				23-18- 9	W3M	
DX 4950	June 24, 1956	July 30, 1956	DX 2296	SW $\frac{1}{4}$	24-18- 9	W3M
DX 4951	June 25, 1956	July 30, 1956	DX 2297	NE $\frac{1}{4}$	17-18- 8	W3M
DX 4952	June 25, 1956	July 30, 1956	DX 2297	NE $\frac{1}{4}$	16-18- 8	W3M
DX 4953	June 25, 1956	July 30, 1956	DX 2297	SE $\frac{1}{4}$	13-18- 8	W3M
DX 4954	June 27, 1956	July 30, 1956	DZ 1007	SW $\frac{1}{4}$	14-18- 7	W3M
DX 4955	June 27, 1956	July 30, 1956	DZ 1007	SE $\frac{1}{4}$	14-18- 7	W3M
DX 4956	June 27, 1956	July 30, 1956	DZ 1007	N $\frac{1}{2}$	12-18- 7	W3M
DX 4987	June 14, 1956	Aug. 3, 1956	DU 4131	Fr.	7-20-29	W3M
DX 4988	June 12, 1956	Aug. 3, 1956	DU 4131	SW $\frac{1}{4}$	9-20-29	W3M
DZ 4384	June 14, 1956	Aug. 1, 1956	DU 4131	SE $\frac{1}{4}$	9-20-29	W3M
DZ 4385	June 14, 1956	Aug. 1, 1956	DU 4131	SE $\frac{1}{4}$	10-20-29	W3M
DZ 4386	June 14, 1956	Aug. 1, 1956	DX 1969	SW $\frac{1}{4}$	7-20-28	W3M
DZ 4387	June 14, 1956	Aug. 1, 1956	DX 1969	SW $\frac{1}{4}$	8-20-28	W3M
DZ 4388	June 14, 1956	Aug. 1, 1956	DX 1969	SE $\frac{1}{4}$	8-20-28	W3M
DZ 4389	June 14, 1956	Aug. 1, 1956	DX 1969	NE $\frac{1}{4}$	5-20-28	W3M
DZ 4390	June 19, 1956	Aug. 1, 1956	DV 4370	SE $\frac{1}{4}$	3-20-27	W3M
DZ 4391	June 19, 1956	Aug. 1, 1956	DV 4370	SW $\frac{1}{4}$	3-20-27	W3M
DZ 4392	June 26, 1956	Aug. 1, 1956	DV 4371	NW $\frac{1}{4}$	33-19-26	W3M
DZ 4393	June 26, 1956	Aug. 1, 1956	DV 4371	N $\frac{1}{2}$	36-19-26	W3M
DX 4989	July 16, 1956	Aug. 3, 1956	DV 4372	NW $\frac{1}{4}$	31-19-25	W3M
DZ 4394	June 26, 1956	Aug. 1, 1956	DV 4372	SW $\frac{1}{4}$	31-19-25	W3M
DX 4990	June 26, 1956	Aug. 3, 1956	DV 4372	SE $\frac{1}{4}$	31-19-25	W3M
DX 4991	June 26, 1956	Aug. 3, 1956	DV 4372	SE $\frac{1}{4}$	32-19-25	W3M
DX 4976	July 6, 1956	Aug. 3, 1956	DV 4365	NW $\frac{1}{4}$	17-19-20	W3M
DX 4992	June 27, 1956	Aug. 3, 1956	DV 4366	NW $\frac{1}{4}$	10-19-19	W3M
DX 4977	July 6, 1956	Aug. 3, 1956	DV 4366	NW $\frac{1}{4}$	11-19-19	W3M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
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DX 4993	June 27, 1956	Aug. 3, 1956	DV 4366	SE $\frac{1}{4}$	12-19-19	W3M
DX 4978	July 6, 1956	Aug. 3, 1956	DV 4541	N $\frac{1}{2}$	32-18-17	W3M
DX 4979	July 18, 1956	Aug. 3, 1956	DV 4541	NW $\frac{1}{4}$	33-18-17	W3M
DX 4980	July 6, 1956	Aug. 3, 1956	DV 4541	SW $\frac{1}{4}$	34-18-17	W3M
DX 4981	July 6, 1956	Aug. 3, 1956	DV 4541	SE $\frac{1}{4}$	35-18-17	W3M
DX 4982	July 6, 1956	Aug. 3, 1956	DV 4541	NE $\frac{1}{4}$	26-18-17	W3M
DX 4983	July 6, 1956	Aug. 3, 1956	DV 4541	NW $\frac{1}{4}$	25-18-17	W3M
DX 4984	July 6, 1956	Aug. 3, 1956	DV 4541	NE $\frac{1}{4}$	25-18-17	W3M
DX 4985	July 6, 1956	Aug. 3, 1956	DZ 1002	NW $\frac{1}{4}$	30-18-16	W3M
DX 4986	July 17, 1956	Aug. 3, 1956	DZ 1004	SE $\frac{1}{4}$	29-18-12	W3M
DX 4994	June 30, 1956	Aug. 3, 1956	DZ 1006	NE $\frac{1}{4}$	22-18-10	W3M
DX 4995	June 20, 1956	Aug. 3, 1956	DX 2296	NE $\frac{1}{4}$	19-18- 9	W3M
EB 736	June 28, 1956	Aug. 8, 1956	DX 2296	SE $\frac{1}{4}$	19-18- 9	W3M
EB 737	June 28, 1956	Aug. 8, 1956	DX 2296	SE $\frac{1}{4}$	20-18- 9	W3M
EB 738	July 16, 1956	Aug. 8, 1956	DX 2296	SW $\frac{1}{4}$	21-18- 9	W3M
EB 739	June 28, 1956	Aug. 8, 1956	DX 2296	SW $\frac{1}{4}$	22-18- 9	W3M
EB 740	June 28, 1956	Aug. 8, 1956	DX 2296	SE $\frac{1}{4}$	22-18- 9	W3M
EB 741	June 28, 1956	Aug. 8, 1956	DX 2296	SW $\frac{1}{4}$	23-18- 9	W3M
EB 742	June 25, 1956	Aug. 8, 1956	DX 2297	SW $\frac{1}{4}$	20-18- 8	W3M
EB 743	July 5, 1956	Aug. 8, 1956	DX 2297	NW $\frac{1}{4}$	16-18- 8	W3M
EB 744	June 29, 1956	Aug. 8, 1956	DX 2297	SE $\frac{1}{4}$	14-18- 8	W3M
DX 4996	June 30, 1956	Aug. 3, 1956	DZ 1007	SW $\frac{1}{4}$	15-18- 7	W3M
DX 4997	June 30, 1956	Aug. 3, 1956	DX 2298	NW $\frac{1}{4}$	8-18- 6	W3M
EB 745	July 3, 1956	Aug. 8, 1956	DX 2298	SW $\frac{1}{4}$	8-18- 6	W3M
EB 746	July 3, 1956	Aug. 8, 1956	DX 2298	SE $\frac{1}{4}$	8-18- 6	W3M
EA 664	July 21, 1956	Aug. 10, 1956	DV 4372	SW $\frac{1}{4}$	32-19-25	W3M
EA 665	July 20, 1956	Aug. 10, 1956	DV 4364	S $\frac{1}{2}$	23-19-21	W3M
EA 666	June 19, 1956	Aug. 10, 1956	DZ 1005	NE $\frac{1}{4}$	24-18-11	W3M
EA 667	July 6, 1956	Aug. 10, 1956	DX 2296	SE $\frac{1}{4}$	24-18- 9	W3M
EA 669	June 25, 1956	Aug. 10, 1956	DX 2297	N $\frac{1}{2}$	15-18- 8	W3M
EA 670	July 23, 1956	Aug. 10, 1956	DZ 1007	SE $\frac{1}{4}$	17-18- 7	W3M
EA 671	July 23, 1956	Aug. 10, 1956	DX 2298	NW $\frac{1}{4}$	7-18- 6	W3M
EA 672	July 3, 1956	Aug. 10, 1956	DX 2298	SW $\frac{1}{4}$	10-18- 6	W3M
EA 673	July 5, 1956	Aug. 10, 1956	DX 2298	SW $\frac{1}{4}$	12-18- 6	W3M
EA 700	June 14, 1956	Aug. 15, 1956	DU 4131	SW $\frac{1}{4}$	10-20-29	W3M
EA 701	July 13, 1956	Aug. 15, 1956	DV 4371	NE $\frac{1}{4}$	35-19-26	W3M
EA 702	July 11, 1956	Aug. 15, 1956	DV 4372	SE $\frac{1}{4}$	33-19-25	W3M
EA 704	July 7, 1956	Aug. 15, 1956	DV 4366	NW $\frac{1}{4}$	7-19-19	W3M
EA 705	July 21, 1956	Aug. 15, 1956	DV 4366	SE $\frac{1}{4}$	11-19-19	W3M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
				That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Swift Current Land Regis- tration District.		
DZ 4498	June 30, 1956	Aug. 16, 1956	DZ 1001	SW $\frac{1}{4}$	9-19-18	W3M
EA 706	July 17, 1956	Aug. 15, 1956	DZ 1001	NW $\frac{1}{4}$	4-19-18	W3M
EA 707	July 17, 1956	Aug. 15, 1956	DZ 1001	NE $\frac{1}{4}$	4-19-18	W3M
EA 708	July 17, 1956	Aug. 15, 1956	DZ 1001	NW $\frac{1}{4}$	3-19-18	W3M
EA 698	July 17, 1956	Aug. 15, 1956	DX 2298	SE $\frac{1}{4}$	9-18- 6	W3M
EA 699	July 3, 1956	Aug. 15, 1956	DX 2298	SE $\frac{1}{4}$	12-18- 6	W3M
DZ 4526	June 20, 1956	Aug. 22, 1956	DV 4370	SW $\frac{1}{4}$	2-20-27	W3M
DZ 4527	June 18, 1956	Aug. 22, 1956	DV 4370	SW $\frac{1}{4}$	1-20-27	W3M
DZ 4528	June 19, 1956	Aug. 22, 1956	DV 4371	SE $\frac{1}{4}$	6-20-26	W3M
DZ 4529	June 11, 1956	Aug. 22, 1956	DV 4369	NE $\frac{1}{4}$	24-19-22	W3M
DZ 4530	July 10, 1956	Aug. 22, 1956	DZ 1005	SW $\frac{1}{4}$	30-18-11	W3M
EB 831	June 26, 1956	Aug. 20, 1956	DX 2297	LSDs	11-12-13 and W $\frac{1}{2}$ of LSD 14 of NW $\frac{1}{4}$ 14-18- 8	W3M
				LSDs	9-10-16 and SE $\frac{1}{4}$ of LSD 15 of NE $\frac{1}{4}$ 14-18- 8	W3M
DX 5103	June 20, 1956	Aug. 23, 1956	DZ 1006	NE $\frac{1}{4}$	24-18-10	W3M
EB 886	June 16, 1956	Aug. 29, 1956	DX 2333	NW $\frac{1}{4}$	19-18-13	W3M
EB 887	June 20, 1956	Aug. 29, 1956	DZ 1004	SE $\frac{1}{4}$	28-18-12	W3M
EB 888	June 18, 1956	Aug. 29, 1956	DZ 1004	SW $\frac{1}{4}$	25-18-12	W3M
EB 890	June 19, 1956	Aug. 29, 1956	DZ 1005	NW $\frac{1}{4}$	24-18-11	W3M
EB 891	June 20, 1956	Aug. 29, 1956	DZ 1006	N $\frac{1}{2}$	19-18-10	W3M
EB 892	June 20, 1956	Aug. 29, 1956	DZ 1006	NE $\frac{1}{4}$	20-18-10	W3M
EB 893	June 20, 1956	Aug. 29, 1956	DZ 1006	NW $\frac{1}{4}$	24-18-10	W3M
EA 767	June 25, 1956	Aug. 27, 1956	DX 2297	SE $\frac{1}{4}$	20-18- 8	W3M
EB 894	June 26, 1956	Aug. 29, 1956	DX 2297	SW $\frac{1}{4}$	13-18- 8	W3M
DZ 4616	June 25, 1956	Sept. 4, 1956	DV 4365	SE $\frac{1}{4}$	16-19-20	W3M
DZ 4650	June 13, 1956	Sept. 4, 1956	DZ 1202	NE $\frac{1}{4}$	21-18-14	W3M
DZ 4651	June 13, 1956	Sept. 4, 1956	DZ 1202	NW $\frac{1}{4}$	23-18-14	W3M
DZ 4618	June 25, 1956	Sept. 4, 1956	DZ 1007	SW $\frac{1}{4}$	18-18- 7	W3M
EA 761	June 21, 1956	Aug. 27, 1956	DX 1969	NW $\frac{1}{4}$	1-20-28	W3M
EA 762	July 5, 1956	Aug. 27, 1956	DV 4541	SE $\frac{1}{4}$	6-19-17	W3M
				SW $\frac{1}{4}$	6-19-17	W3M
EA 763	July 4, 1956	Aug. 27, 1956	DZ 1002	SE $\frac{1}{4}$	26-18-16	W3M
EA 764	July 4, 1956	Aug. 27, 1956	DZ 1002	SW $\frac{1}{4}$	25-18-16	W3M
DZ 4561	June 15, 1956	Aug. 28, 1956	DZ 1202	NW $\frac{1}{4}$	21-18-14	W3M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
				That portion of each of the under-mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Swift Current Land Regis- tration District.		
DZ 4660	July 12, 1956	Sept. 10, 1956	DZ 1004	S½	27-18-12	W3M
DX 5166	July 10, 1956	Sept. 6, 1956	DZ 1005	NW¼	22-18-11	W3M
DX 5165	July 24, 1956	Sept. 6, 1956	DZ 1006	N½	23-18-10	W3M
DX 5164	July 4, 1956	Sept. 6, 1956	DX 2298	SW¼	9-18- 6	W3M
EB 830	Aug. 10, 1956	Aug. 20, 1956	DV 4364	SW¼	24-19-21	W3M
EA 703	Aug. 1, 1956	Aug. 15, 1956	DV 4364	SE¼	21-19-21	W3M
DX 5102	Aug. 9, 1956	Aug. 23, 1956	DX 2296	SW¼	20-18- 9	W3M
DX 5060	Aug. 20, 1956	Aug. 23, 1956	DU 4131	SE¼	11-20-29	W3M
DX 5061	Aug. 20, 1956	Aug. 23, 1956	DV 4367	NW¼	29-19-24	W3M
DX 5062	Aug. 20, 1956	Aug. 23, 1956	DV 4367	NE¼	29-19-24	W3M
DX 5064	Aug. 20, 1956	Aug. 23, 1956	DV 4367	NW¼	27-19-24	W3M
DX 5063	Aug. 20, 1956	Aug. 23, 1956	DV 4367	NE¼	27-19-24	W3M
DX 5068	Aug. 20, 1956	Aug. 23, 1956	DV 4367	NW¼	26-19-24	W3M
DX 5059	Aug. 20, 1956	Aug. 23, 1956	DV 4367	NE¼	26-19-24	W3M
DX 5058	Aug. 20, 1956	Aug. 23, 1956	DV 4367	NW¼	25-19-24	W3M
DX 5065	Aug. 20, 1956	Aug. 23, 1956	DV 4367	NE¼	25-19-24	W3M
DX 5066	Aug. 20, 1956	Aug. 23, 1956	DV 4368	NW¼	30-19-23	W3M
DX 5067	Aug. 20, 1956	Aug. 23, 1956	DV 4368	NE¼	30-19-23	W3M
DX 5080	Aug. 20, 1956	Aug. 23, 1956	DV 4368	NW¼	29-19-23	W3M
DX 5081	Aug. 20, 1956	Aug. 23, 1956	DV 4368	NE¼	29-19-23	W3M
DX 5082	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SE¼	29-19-23	W3M
DX 5083	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SW¼	28-19-23	W3M
DX 5084	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SE¼	28-19-23	W3M
DX 5085	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SW¼	27-19-23	W3M
DX 5086	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SE¼	27-19-23	W3M
DX 5087	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SW¼	26-19-23	W3M
DX 5088	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SE¼	26-19-23	W3M
DX 5089	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SW¼	25-19-23	W3M
DX 5090	Aug. 20, 1956	Aug. 23, 1956	DV 4368	SE¼	25-19-23	W3M
DX 5069	Aug. 20, 1956	Aug. 23, 1956	DV 4369	SW¼	30-19-22	W3M
DX 5070	Aug. 20, 1956	Aug. 23, 1956	DV 4369	SE¼	30-19-22	W3M
DX 5071	Aug. 20, 1956	Aug. 23, 1956	DV 4369	NE¼	19-19-22	W3M
DX 5072	Aug. 20, 1956	Aug. 23, 1956	DV 4369	NW¼	20-19-22	W3M
DX 5073	Aug. 20, 1956	Aug. 23, 1956	DV 4369	NE¼	20-19-22	W3M
DX 5074	Aug. 20, 1956	Aug. 23, 1956	DV 4369	NW¼	21-19-22	W3M
DX 5075	Aug. 20, 1956	Aug. 23, 1956	DV 4369	NE¼	21-19-22	W3M
DX 5076	Aug. 20, 1956	Aug. 23, 1956	DZ 1002	NW¼	29-18-16	W3M
DX 5077	Aug. 20, 1956	Aug. 23, 1956	DZ 1003	SW¼	29-18-15	W3M
DX 5078	Aug. 20, 1956	Aug. 23, 1956	DZ 1003	SE¼	29-18-15	W3M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
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DX 5079	Aug. 20, 1956	Aug. 23, 1956	DX 2333	SW $\frac{1}{4}$	28-18-13	W3M
DX 5091	Aug. 20, 1956	Aug. 23, 1956	DX 2333	SE $\frac{1}{4}$	28-18-13	W3M
DX 5092	Aug. 20, 1956	Aug. 23, 1956	DX 2333	SW $\frac{1}{4}$	27-18-13	W3M
DX 5093	Aug. 20, 1956	Aug. 23, 1956	DX 2333	SE $\frac{1}{4}$	27-18-13	W3M
DX 5094	Aug. 20, 1956	Aug. 23, 1956	DZ 1004	SW $\frac{1}{4}$	29-18-12	W3M
DX 5095	Aug. 20, 1956	Aug. 23, 1956	DZ 1007	SW $\frac{1}{4}$	17-18- 7	W3M
DX 5096	Aug. 20, 1956	Aug. 23, 1956	DZ 1007	SW $\frac{1}{4}$	16-18- 7	W3M
DX 5097	Aug. 20, 1956	Aug. 23, 1956	DZ 1007	SE $\frac{1}{4}$	16-18- 7	W3M
DX 5098	Aug. 20, 1956	Aug. 23, 1956	DZ 1007	SE $\frac{1}{4}$	15-18- 7	W3M
DX 5099	Aug. 20, 1956	Aug. 23, 1956	DZ 1007	NE $\frac{1}{4}$	11-18- 7	W3M
DX 5100	Aug. 20, 1956	Aug. 23, 1956	DX 2298	SW $\frac{1}{4}$	11-18- 6	W3M
DX 5101	Aug. 20, 1956	Aug. 23, 1956	DX 2298	SE $\frac{1}{4}$	11-18- 6	W3M
DZ 4614	Aug. 23, 1956	Sept. 4, 1956	DV 4364	SW $\frac{1}{4}$	21-19-21	W3M
DZ 4645	Aug. 7, 1956	Sept. 4, 1956	DV 4366	NE $\frac{1}{4}$	10-19-19	W3M
DZ 4617	Aug. 24, 1956	Sept. 4, 1956	DZ 1202	NE $\frac{1}{4}$	20-18-14	W3M
DZ 4562	Aug. 11, 1956	Aug. 28, 1956	DZ 1006	NW $\frac{1}{4}$	21-18-10	W3M
EA 768	Aug. 11, 1956	Aug. 27, 1956	DZ 1006	NE $\frac{1}{4}$	21-18-10	W3M
EB 986	Sept. 14, 1956	Sept. 19, 1956	DZ 1007	SE $\frac{1}{4}$	18-18- 7	W3M
DZ 4646	July 26, 1956	Sept. 4, 1956	DZ 1002	NW $\frac{1}{4}$	28-18-16	W3M
DZ 4648	July 26, 1956	Sept. 4, 1956	DZ 1002	NE $\frac{1}{4}$	28-18-16	W3M
DZ 4649	July 26, 1956	Sept. 4, 1956	DZ 1002	SE $\frac{1}{4}$	27-18-16	W3M
EA 668	July 23, 1956	Aug. 10, 1956	DX 2297	SE $\frac{1}{4}$	19-18- 8	W3M
				SW $\frac{1}{4}$	19-18- 8	W3M
EB 957	Sept. 6, 1956	Sept. 13, 1956	DV 4364	NE $\frac{1}{4}$	13-19-21	W3M
EA 765	July 12, 1956	Aug. 27, 1956	DZ 1002	SE $\frac{1}{4}$	25-18-16	W3M
EA 766	July 12, 1956	Aug. 27, 1956	DZ 1003	SW $\frac{1}{4}$	30-18-15	W3M
EB 1047	Sept. 20, 1956	Oct. 3, 1956	DV 4371	NE $\frac{1}{4}$	33-19-26	W3M
EB 1048	July 23, 1956	Oct. 3, 1956	DZ 1005	NE $\frac{1}{4}$	22-18-11	W3M
EA 999	Sept. 25, 1956	Oct. 9, 1956	DV 4367	NE $\frac{1}{4}$	28-19-24	W3M
EA 998	Sept. 20, 1956	Oct. 9, 1956	DV 4367	NW $\frac{1}{4}$	28-19-24	W3M
DX 5429	Sept. 17, 1956	Oct. 11, 1956	DZ 1005	NW $\frac{1}{4}$	21-18-11	W3M
DX 5430	Sept. 18, 1956	Oct. 11, 1956	DX 2298	NE $\frac{1}{4}$	7-18- 6	W3M
DX 5466	June 20, 1956	Oct. 17, 1956	DU 4131	SW $\frac{1}{4}$	8-20-29	W3M
DX 5467	Oct. 9, 1956	Oct. 17, 1956	DZ 1001	SE $\frac{1}{4}$	8-19-18	W3M
EA 1199	June 13, 1956	Oct. 26, 1956	DV 4366	NE $\frac{1}{4}$	7-19-19	W3M
DZ 4647	July 6, 1956	Sept. 4, 1956	DV 4541	NW $\frac{1}{4}$	31-18-17	W3M
				NE $\frac{1}{4}$	31-18-17	W3M
EB 956	Sept. 8, 1956	Sept. 13, 1956	DZ 1202	NW $\frac{1}{4}$	20-18-14	W3M
EA 886	June 19, 1956	Sept. 17, 1956	DX 1969	SE $\frac{1}{4}$	7-20-28	W3M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
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DX 5589	Oct. 19, 1956	Nov. 12, 1956	DZ 1003	NE $\frac{1}{4}$	24-18-15	W3M
DZ 5067	Oct. 19, 1956	Nov. 19, 1956	DZ 1003	SE $\frac{1}{4}$	27-18-15	W3M
DZ 5066	Oct. 19, 1956	Nov. 19, 1956	DZ 1003	SW $\frac{1}{4}$	27-18-15	W3M
DX 5853	July 9, 1956	Dec. 19, 1956	DV 4372	SW $\frac{1}{4}$	33-19-25	W3M
DX 5854	July 9, 1956	Dec. 19, 1956	DV 4372	NE $\frac{1}{4}$	25-19-25	W3M
DX 5991	Jan. 15, 1957	Jan. 23, 1957	DV 4541	SE $\frac{1}{4}$	34-18-17	W3M
DX 5751	Nov. 9, 1956	Dec. 3, 1956	DZ 1001	NE $\frac{1}{4}$	3-19-18	W3M

2. THE MOOSE JAW LAND REGISTRATION DISTRICT, SASKATCHEWAN

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
				That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moose Jaw Land Registra- tion District.		
EE 3369	June 30, 1956	July 20, 1956	EX 615	NE $\frac{1}{4}$	6-18- 5	W3M
EE 3370	July 4, 1956	July 20, 1956	EX 615	NW $\frac{1}{4}$	4-18- 5	W3M
EE 3371	June 30, 1956	July 20, 1956	EX 615	NE $\frac{1}{4}$	4-18- 5	W3M
ED 6593	June 27, 1956	July 27, 1956	EX 606	SW $\frac{1}{4}$	5-18- 4	W3M
EE 3372	July 4, 1956	July 20, 1956	EX 606	SE $\frac{1}{4}$	3-18- 4	W3M
EE 3373	July 4, 1956	July 20, 1956	EX 606	SW $\frac{1}{4}$	2-18- 4	W3M
EE 3374	July 5, 1956	July 20, 1956	EX 606	SW $\frac{1}{4}$	1-18- 4	W3M
ED 6594	July 13, 1956	July 27, 1956	EX 616	NW $\frac{1}{4}$	4-18- 3	W3M
EE 3375	July 5, 1956	July 20, 1956	EX 616	NE $\frac{1}{4}$	4-18- 3	W3M
EE 3376	July 4, 1956	July 20, 1956	EX 616	NW $\frac{1}{4}$	3-18- 3	W3M
EE 3377	July 6, 1956	July 20, 1956	EX 616	NE $\frac{1}{4}$	3-18- 3	W3M
EE 3378	July 6, 1956	July 20, 1956	EX 616	NW $\frac{1}{4}$	2-18- 3	W3M
EE 3379	July 4, 1956	July 20, 1956	EX 616	NE $\frac{1}{4}$	2-18- 3	W3M
ED 6595	July 12, 1956	July 27, 1956	EX 616	NE $\frac{1}{4}$	1-18- 3	W3M
ED 6596	July 12, 1956	July 27, 1956	EX 607	NW $\frac{1}{4}$	6-18- 2	W3M
EF 366	July 4, 1956	July 23, 1956	EX 607	NW $\frac{1}{4}$	3-18- 2	W3M
ED 6597	July 12, 1956	July 27, 1956	EX 607	NE $\frac{1}{4}$	3-18- 2	W3M
EF 367	July 6, 1956	July 23, 1956	EX 607	NE $\frac{1}{4}$	2-18- 2	W3M
				NW $\frac{1}{4}$	2-18- 2	W3M
EF 368	July 4, 1956	July 23, 1956	EX 608	NW $\frac{1}{4}$	6-18- 1	W3M
ED 6598	July 11, 1956	July 27, 1956	EX 608	NE $\frac{1}{4}$	6-18- 1	W3M
EF 369	July 5, 1956	July 23, 1956	EX 608	NE $\frac{1}{4}$	5-18- 1	W3M
				SE $\frac{1}{4}$	5-18- 1	W3M
EF 370	July 13, 1956	July 23, 1956	EX 608	NW $\frac{1}{4}$	4-18- 1	W3M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moose Jaw Land Registra- tion District.		
EF 371	July 4, 1956	July 23, 1956	EX 608	SW $\frac{1}{4}$	4-18- 1	W3M
ED 6599	July 5, 1956	July 27, 1956	EX 608	SE $\frac{1}{4}$	4-18- 1	W3M
EF 372	July 5, 1956	July 23, 1956	EX 608	SW $\frac{1}{4}$	3-18- 1	W3M
EF 373	July 6, 1956	July 23, 1956	EX 608	SE $\frac{1}{4}$	2-18- 1	W3M
ED 6600	July 9, 1956	July 27, 1956	EX 609	SW $\frac{1}{4}$	6-18-29	W2M
ED 6601	July 10, 1956	July 27, 1956	EX 609	SE $\frac{1}{4}$	6-18-29	W2M
ED 6602	July 10, 1956	July 27, 1956	EX 609	SE $\frac{1}{4}$	5-18-29	W2M
ED 6603	July 10, 1956	July 27, 1956	EX 609	SW $\frac{1}{4}$	4-18-29	W2M
EF 462	July 13, 1956	July 31, 1956	EX 609	SE $\frac{1}{4}$	4-18-29	W2M
EF 463	July 10, 1956	July 31, 1956	EX 609	SW $\frac{1}{4}$	3-18-29	W2M
EF 464	July 11, 1956	July 31, 1956	EX 609	NW $\frac{1}{4}$	36-17-29	W2M
EF 465	July 9, 1956	July 31, 1956	EX 610	NE $\frac{1}{4}$	31-17-28	W2M
				NW $\frac{1}{4}$	31-17-28	W2M
EF 466	July 10, 1956	July 31, 1956	EX 610	SE $\frac{1}{4}$	33-17-28	W2M
EF 467	July 9, 1956	July 31, 1956	EX 610	SW $\frac{1}{4}$	36-17-28	W2M
EF 468	July 11, 1956	July 31, 1956	EX 610	SE $\frac{1}{4}$	36-17-28	W2M
EF 374	June 16, 1956	July 23, 1956	EX 617	SW $\frac{1}{4}$	32-17-27	W2M
EF 375	June 4, 1956	July 23, 1956	EX 617	SE $\frac{1}{4}$	32-17-27	W2M
EF 376	June 4, 1956	July 23, 1956	EX 617	SW $\frac{1}{4}$	34-17-27	W2M
EF 469	July 11, 1956	July 31, 1956	EX 617	SW $\frac{1}{4}$	35-17-27	W2M
EF 470	July 12, 1956	July 31, 1956	EX 673	NW $\frac{1}{4}$	30-17-26	W2M
EF 471	July 12, 1956	July 31, 1956	EX 673	NE $\frac{1}{4}$	30-17-26	W2M
				SE $\frac{1}{4}$	30-17-26	W2M
EF 472	July 13, 1956	July 31, 1956	EX 673	SE $\frac{1}{4}$	25-17-26	W2M
EF 493	June 27, 1956	Aug. 3, 1956	EX 615	S $\frac{1}{2}$	7-18- 5	W3M
EE 3524	July 6, 1956	Aug. 2, 1956	EX 615	NE $\frac{1}{4}$	2-18- 5	W3M
EF 494	June 27, 1956	Aug. 3, 1956	EX 615	SE $\frac{1}{4}$	2-18- 5	W3M
EF 495	July 23, 1956	Aug. 3, 1956	EX 615	SW $\frac{1}{4}$	1-18- 5	W3M
EE 3525	July 6, 1956	Aug. 2, 1956	EX 615	SE $\frac{1}{4}$	1-18- 5	W3M
EF 496	July 25, 1956	Aug. 3, 1956	EX 606	SW $\frac{1}{4}$	6-18- 4	W3M
EF 497	July 17, 1956	Aug. 3, 1956	EX 606	SE $\frac{1}{4}$	2-18- 4	W3M
EF 499	July 20, 1956	Aug. 3, 1956	EX 607	NE $\frac{1}{4}$	1-18- 2	W3M
EF 498	July 20, 1956	Aug. 3, 1956	EX 607	NW $\frac{1}{4}$	1-18- 2	W3M
EF 500	July 24, 1956	Aug. 3, 1956	EX 608	SE $\frac{1}{4}$	3-18- 1	W3M
EE 3527	July 13, 1956	Aug. 2, 1956	EX 608	S $\frac{1}{2}$	1-18- 1	W3M
EF 501	July 13, 1956	Aug. 3, 1956	EX 609	SE $\frac{1}{4}$	1-18-30	W2M
EE 3528	July 18, 1956	Aug. 2, 1956	EX 609	SW $\frac{1}{4}$	2-18-29	W2M
EF 502	July 10, 1956	Aug. 3, 1956	EX 609	SE $\frac{1}{4}$	2-18-29	W2M
EE 3529	July 10, 1956	Aug. 2, 1956	EX 609	NE $\frac{1}{4}$	35-17-29	W2M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description That portion of each of the under-mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moose Jaw Land Registra- tion District.		
EE 3530	July 14, 1956	Aug. 2, 1956	EX 610	NW $\frac{1}{4}$	32-17-28	W2M
EF 503	July 11, 1956	Aug. 3, 1956	EX 610	NE $\frac{1}{4}$	32-17-28	W2M
EE 3554	July 14, 1956	Aug. 7, 1956	EX 610	SW $\frac{1}{4}$	33-17-28	W2M
EE 3555	July 20, 1956	Aug. 7, 1956	EX 610	SW $\frac{1}{4}$	35-17-28	W2M
EE 3556	July 20, 1956	Aug. 7, 1956	EX 610	SE $\frac{1}{4}$	35-17-28	W2M
EE 3557	July 14, 1956	Aug. 7, 1956	EX 617	SE $\frac{1}{4}$	31-17-27	W2M
EE 3558	July 16, 1956	Aug. 7, 1956	EX 617	SE and SW $\frac{1}{4}$'s	33-17-27	W2M
EE 3526	June 4, 1956	Aug. 2, 1956	EX 617	NE $\frac{1}{4}$	27-17-27	W2M
EE 3531	June 4, 1956	Aug. 2, 1956	EX 617	N $\frac{1}{2}$	26-17-27	W2M
EE 3559	June 23, 1956	Aug. 7, 1956	EX 617	NW $\frac{1}{4}$	25-17-27	W2M
EE 3560	July 11, 1956	Aug. 7, 1956	EX 617	NE $\frac{1}{4}$	25-17-27	W2M
EE 3561	July 20, 1956	Aug. 7, 1956	EX 673	NE $\frac{1}{4}$	29-17-26	W2M
EE 3562	July 20, 1956	Aug. 7, 1956	EX 673	N $\frac{1}{2}$	28-17-26	W2M
EE 3534	July 18, 1956	Aug. 2, 1956	EX 621	SE $\frac{1}{4}$	24-17-24	W2M
ED 6744	July 4, 1956	Aug. 14, 1956	EX 615	N $\frac{1}{2}$	5-18- 5	W3M
ED 6745	July 30, 1956	Aug. 14, 1956	EX 615	N $\frac{1}{2}$	3-18- 5	W3M
ED 6746	July 30, 1956	Aug. 14, 1956	EX 610	S $\frac{1}{2}$	34-17-28	W2M
ED 6747	July 11, 1956	Aug. 14, 1956	EX 617	SE $\frac{1}{4}$	34-17-27	W2M
ED 6748	July 24, 1956	Aug. 14, 1956	EX 673	NW $\frac{1}{4}$	29-17-26	W2M
ED 6749	July 24, 1956	Aug. 14, 1956	EX 673	N $\frac{1}{2}$	27-17-26	W2M
EF 559	July 16, 1956	Aug. 8, 1956	EX 673	S $\frac{1}{2}$	26-17-26	W2M
EF 560	July 20, 1956	Aug. 8, 1956	EX 673	SW $\frac{1}{4}$	25-17-26	W2M
EF 561	July 16, 1956	Aug. 8, 1956	EX 673	N $\frac{1}{2}$	25-17-26	W2M
EF 562	July 20, 1956	Aug. 8, 1956	EX 618	NW $\frac{1}{4}$	30-17-25	W2M
EF 563	July 21, 1956	Aug. 8, 1956	EX 618	S $\frac{1}{2}$	30-17-25	W2M
EF 564	July 20, 1956	Aug. 8, 1956	EX 618	SW $\frac{1}{4}$	28-17-25	W2M
EF 565	July 20, 1956	Aug. 8, 1956	EX 618	SW $\frac{1}{4}$	27-17-25	W2M
EF 566	July 21, 1956	Aug. 8, 1956	EX 618	NW $\frac{1}{4}$	22-17-25	W2M
ED 6750	July 27, 1956	Aug. 14, 1956	EX 618	NE $\frac{1}{4}$	22-17-25	W2M
ED 6751	July 28, 1956	Aug. 14, 1956	EX 618	N $\frac{1}{2}$	23-17-25	W2M
				NW $\frac{1}{4}$	24-17-25	W2M
ED 6752	July 28, 1956	Aug. 14, 1956	EX 618	NW $\frac{1}{4}$	24-17-25	W2M
ED 6753	July 21, 1956	Aug. 14, 1956	EX 621	NW $\frac{1}{4}$	19-17-24	W2M
EF 567	July 21, 1956	Aug. 8, 1956	EX 621	NE $\frac{1}{4}$	19-17-24	W2M
EE 3674	July 27, 1956	Aug. 20, 1956	EX 618	S $\frac{1}{2}$	29-17-25	W2M
EF 568	July 21, 1956	Aug. 8, 1956	EX 621	SE $\frac{1}{4}$	30-17-24	W2M
EE 3532	July 18, 1956	Aug. 2, 1956	EX 621	NW $\frac{1}{4}$	23-17-24	W2M
EE 3533	July 18, 1956	Aug. 2, 1956	EX 621	SW $\frac{1}{4}$	23-17-24	W2M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
				That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moose Jaw Land Registra- tion District.		
ED 6844	July 9, 1956	Aug. 27, 1956	EX 621	SE $\frac{1}{4}$	29-17-24	W2M
				SW $\frac{1}{4}$	29-17-24	W2M
EG 27	July 17, 1956	Sept. 10, 1956	EX 610	NW $\frac{1}{4}$	33-17-28	W2M
EG 28	July 20, 1956	Sept. 10, 1956	EX 673	NW $\frac{1}{4}$	26-17-26	W2M
EE 3669	Aug. 2, 1956	Aug. 20, 1956	EX 606	SE $\frac{1}{4}$	1-18- 4	W3M
EE 3670	Aug. 2, 1956	Aug. 20, 1956	EX 609	SE $\frac{1}{4}$	3-18-29	W2M
EE 3671	Aug. 3, 1956	Aug. 20, 1956	EX 621	NE $\frac{1}{4}$	20-17-24	W2M
EE 3672	Aug. 3, 1956	Aug. 20, 1956	EX 621	E $\frac{1}{2}$ of SE $\frac{1}{4}$		
					23-17-24	W2M
EE 3673	Aug. 3, 1956	Aug. 20, 1956	EX 621	SW $\frac{1}{4}$	24-17-24	W2M
EE 3721	Aug. 20, 1956	Aug. 23, 1956	EX 615	NW $\frac{1}{4}$	2-18- 5	W3M
EE 3722	Aug. 20, 1956	Aug. 23, 1956	EX 606	SE $\frac{1}{4}$	6-18- 4	W3M
EE 3723	Aug. 20, 1956	Aug. 23, 1956	EX 606	SE $\frac{1}{4}$	5-18- 4	W3M
EE 3724	Aug. 20, 1956	Aug. 23, 1956	EX 606	SW $\frac{1}{4}$	4-18- 4	W3M
EE 3725	Aug. 20, 1956	Aug. 23, 1956	EX 606	SE $\frac{1}{4}$	4-18- 4	W3M
EE 3726	Aug. 20, 1956	Aug. 23, 1956	EX 616	SW $\frac{1}{4}$	6-18- 3	W3M
EE 3727	Aug. 20, 1956	Aug. 23, 1956	EX 616	SE $\frac{1}{4}$	6-18- 3	W3M
EE 3731	Aug. 20, 1956	Aug. 23, 1956	EX 616	NE $\frac{1}{4}$	5-18- 3	W3M
EE 3730	Aug. 20, 1956	Aug. 23, 1956	EX 616	NW $\frac{1}{4}$	5-18- 3	W3M
EE 3729	Aug. 20, 1956	Aug. 23, 1956	EX 616	SE $\frac{1}{4}$	5-18- 3	W3M
EE 3728	Aug. 20, 1956	Aug. 23, 1956	EX 616	SW $\frac{1}{4}$	5-18- 3	W3M
EE 3715	Aug. 20, 1956	Aug. 23, 1956	EX 607	NE $\frac{1}{4}$	6-18- 2	W3M
EE 3718	Aug. 20, 1956	Aug. 23, 1956	EX 607	NW $\frac{1}{4}$	5-18- 2	W3M
EE 3716	Aug. 20, 1956	Aug. 23, 1956	EX 608	NE $\frac{1}{4}$	4-18- 1	W3M
EE 3717	Aug. 20, 1956	Aug. 23, 1956	EX 608	SW $\frac{1}{4}$	2-18- 1	W3M
EG 14	Aug. 9, 1956	Sept. 5, 1956	EX 616	NW $\frac{1}{4}$	1-18- 3	W3M
ED 6754	July 19, 1956	Aug. 14, 1956	EX 621	NE $\frac{1}{4}$	21-17-24	W2M
EE 3800	Aug. 20, 1956	Aug. 31, 1956	EX 607	NE $\frac{1}{4}$	5-18- 2	W3M
EE 3801	Aug. 20, 1956	Aug. 31, 1956	EX 607	N $\frac{1}{2}$	4-18- 2	W3M
EE 4042	Sept. 12, 1956	Oct. 2, 1956	EX 606	SW $\frac{1}{4}$	3-18- 4	W3M
EE 4043	Sept. 10, 1956	Oct. 2, 1956	EX 621	NW $\frac{1}{4}$	21-17-24	W2M
EG 26	July 10, 1956	Sept. 10, 1956	EX 621	NE $\frac{1}{4}$	22-17-24	W2M
EE 4578	July 18, 1956	Dec. 10, 1956	EX 621	NW $\frac{1}{4}$	22-17-24	W2M
EE 4577	Dec. 5, 1956	Dec. 10, 1956	EX 618	NE $\frac{1}{4}$	24-17-25	W2M

3. THE REGINA LAND REGISTRATION DISTRICT, SASKATCHEWAN

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description That portion of each of the under-mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Regina Land Registration District.		
FS 4646	July 4, 1956	July 27, 1956	FN 288	SE $\frac{1}{4}$	19-17-23	W2M
FS 4647	July 4, 1956	July 27, 1956	FN 288	SW $\frac{1}{4}$	20-17-23	W2M
FS 4648	July 11, 1956	July 27, 1956	FN 288	NW $\frac{1}{4}$	16-17-23	W2M
FS 4649	July 11, 1956	July 27, 1956	FN 288	NW $\frac{1}{4}$	15-17-23	W2M
FS 4650	July 5, 1956	July 27, 1956	FN 288	SE $\frac{1}{4}$, and NE $\frac{1}{4}$		
				NW $\frac{1}{4}$	13-17-23	W2M
FS 4637	July 12, 1956	July 27, 1956	FW 902	SE $\frac{1}{4}$	17-17-22	W2M
				SW $\frac{1}{4}$	17-17-22	W2M
FS 4638	July 12, 1956	July 27, 1956	FW 902	NE $\frac{1}{4}$	8-17-22	W2M
FP 5619	July 16, 1956	July 26, 1956	FW 902	NE $\frac{1}{4}$, NW $\frac{1}{4}$, SE $\frac{1}{4}$		
					10-17-22	W2M
FP 5620	July 12, 1956	July 26, 1956	FW 902	SE $\frac{1}{4}$	10-17-22	W2M
FS 4651	July 4, 1956	July 27, 1956	FW 902	SW $\frac{1}{4}$	11-17-22	W2M
FP 5621	July 13, 1956	July 26, 1956	FW 902	SW $\frac{1}{4}$	12-17-22	W2M
FP 5622	July 13, 1956	July 26, 1956	FO 4819	NW $\frac{1}{4}$	3-17-21	W2M
FP 5623	July 13, 1956	July 26, 1956	FO 4819	NE $\frac{1}{4}$	3-17-21	W2M
FP 5624	July 13, 1956	July 26, 1956	FO 4819	NW $\frac{1}{4}$	2-17-21	W2M
FS 4639	July 16, 1956	July 27, 1956	FO 4820	NW $\frac{1}{4}$	34-16-18	W2M
FS 4652	July 5, 1956	July 27, 1956	FS 2208	SE $\frac{1}{4}$	32-16-17	W2M
FS 4640	July 20, 1956	July 27, 1956	FS 2208	NE $\frac{1}{4}$	25-16-17	W2M
FS 4641	July 20, 1956	July 27, 1956	FR 2899	NW $\frac{1}{4}$	30-16-16	W2M
FS 4642	July 20, 1956	July 27, 1956	FR 2899	SE $\frac{1}{4}$	30-16-16	W2M
FS 4644	July 20, 1956	July 27, 1956	FR 2899	SW $\frac{1}{4}$	29-16-16	W2M
FS 4653	July 5, 1956	July 27, 1956	FR 2899	SE $\frac{1}{4}$	29-16-16	W2M
FS 4654	July 5, 1956	July 27, 1956	FR 2899	S $\frac{1}{2}$	27-16-16	W2M
FS 4655	July 4, 1956	July 27, 1956	FR 2899	NE $\frac{1}{4}$ and NW $\frac{1}{4}$		
					23-16-16	W2M
FS 4656	July 5, 1956	July 27, 1956	FR 2899	NE $\frac{1}{4}$ and NW $\frac{1}{4}$		
					24-16-16	W2M
FS 4643	July 20, 1956	July 27, 1956	FW 639	SW $\frac{1}{4}$	21-16-15	W2M
FS 4645	July 16, 1956	July 27, 1956	FT 1353	NW $\frac{1}{4}$	18-16-14	W2M
FP 5625	June 27, 1956	July 26, 1956	FT 1353	SE $\frac{1}{4}$	14-16-14	W2M
FW 2887	July 11, 1956	July 31, 1956	FN 288	NE $\frac{1}{4}$	16-17-23	W2M
FW 2888	June 9, 1956	July 31, 1956	FN 288	NE $\frac{1}{4}$	15-17-23	W2M
FW 2889	June 9, 1956	July 31, 1956	FN 288	NW $\frac{1}{4}$	14-17-23	W2M
FW 2890	July 12, 1956	July 31, 1956	FW 902	SE $\frac{1}{4}$	12-17-22	W2M
WZ 1047	July 26, 1956	Aug. 2, 1956	FS 2208	SW $\frac{1}{4}$	32-16-17	W2M
WZ 1048	July 26, 1956	Aug. 2, 1956	FR 2899	SW $\frac{1}{4}$	28-16-16	W2M

Registration or Filing No.		Date of Grant	Date of Registration or Filing	Plan No.	Description That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Regina Land Registration District.		
FZ	1049	July 27, 1956	Aug. 2, 1956	FR 2899	SE $\frac{1}{4}$	28-16-16	W2M
FZ	1050	July 27, 1956	Aug. 2, 1956	FR 2899	NE $\frac{1}{4}$	22-16-16	W2M
FZ	1052	July 26, 1956	Aug. 2, 1956	FW 639	NE $\frac{1}{4}$	20-16-15	W2M
					NW $\frac{1}{4}$	20-16-15	W2M
FZ	1053	July 27, 1956	Aug. 2, 1956	FW 639	SW $\frac{1}{4}$	24-16-15	W2M
FZ	1056	July 27, 1956	Aug. 2, 1956	FT 1353	SE $\frac{1}{4}$	13-16-14	W2M
FN	2600	July 27, 1956	Aug. 3, 1956	FT 1354	SE $\frac{1}{4}$	18-16-13	W2M
FN	2601	July 26, 1956	Aug. 3, 1956	FT 1354	SW $\frac{1}{4}$	17-16-13	W2M
FN	2602	July 27, 1956	Aug. 3, 1956	FT 1354	SE $\frac{1}{4}$	17-16-13	W2M
FN	2603	July 27, 1956	Aug. 3, 1956	FT 1354	SW $\frac{1}{4}$	16-16-13	W2M
FN	2604	July 27, 1956	Aug. 3, 1956	FT 1354	N $\frac{1}{2}$	9-16-13	W2M
FN	2605	July 27, 1956	Aug. 3, 1956	FT 1354	NW $\frac{1}{4}$	10-16-13	W2M
FN	2606	July 27, 1956	Aug. 3, 1956	FT 1354	NE $\frac{1}{4}$	12-16-13	W2M
FN	2607	July 26, 1956	Aug. 3, 1956	FW 640	NW $\frac{1}{4}$	7-16-12	W2M
FN	2670	July 19, 1956	Aug. 14, 1956	FO 4819	N $\frac{1}{2}$	4-17-21	W2M
FN	2671	July 21, 1956	Aug. 14, 1956	FR 2900	NE $\frac{1}{4}$ and NW $\frac{1}{4}$	35-16-19	W2M
FN	2672	July 30, 1956	Aug. 14, 1956	FO 4820	NE $\frac{1}{4}$ and NW $\frac{1}{4}$	31-16-18	W2M
FN	2673	July 19, 1956	Aug. 14, 1946	FO 4820	NW $\frac{1}{4}$	32-16-18	W2M
FN	2674	July 19, 1956	Aug. 14, 1956	FO 4820	NW $\frac{1}{4}$	33-16-18	W2M
FN	2675	July 31, 1956	Aug. 14, 1956	FO 4820	NE $\frac{1}{4}$	34-16-18	W2M
FN	2676	July 19, 1956	Aug. 14, 1956	FO 4820	NW $\frac{1}{4}$	35-16-18	W2M
FN	2677	July 30, 1956	Aug. 14, 1956	FO 4820	NE $\frac{1}{4}$	35-16-18	W2M
FN	2678	July 19, 1956	Aug. 14, 1956	FO 4820	NW $\frac{1}{4}$ and SW $\frac{1}{4}$	36-16-18	W2M
FN	2679	July 19, 1956	Aug. 14, 1956	FO 4820	SE $\frac{1}{4}$	36-16-18	W2M
FN	2680	July 19, 1956	Aug. 14, 1956	FS 2208	SW $\frac{1}{4}$	33-16-17	W2M
FN	2681	July 19, 1956	Aug. 14, 1956	FS 2208	SE $\frac{1}{4}$	33-16-17	W2M
FN	2682	July 19, 1956	Aug. 14, 1956	FS 2208	NE $\frac{1}{4}$	28-16-17	W2M
FN	2683	July 19, 1956	Aug. 14, 1956	FS 2208	NW $\frac{1}{4}$	27-16-17	W2M
FN	2684	July 31, 1956	Aug. 14, 1956	FS 2208	NE $\frac{1}{4}$	27-16-17	W2M
FN	2685	July 28, 1956	Aug. 14, 1956	FS 2208	NW $\frac{1}{4}$ and NE $\frac{1}{4}$	26-16-17	W2M
FN	2686	July 28, 1956	Aug. 14, 1956	FS 2208	NW $\frac{1}{4}$	25-16-17	W2M
FN	2687	July 30, 1956	Aug. 14, 1956	FR 2899	SW $\frac{1}{4}$	30-16-16	W2M
FN	2688	July 30, 1956	Aug. 14, 1956	FW 639	SE $\frac{1}{4}$	21-16-15	W2M
FN	2689	July 30, 1956	Aug. 14, 1956	FW 639	SE $\frac{1}{4}$ and SW $\frac{1}{4}$	22-16-15	W2M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Regina Land Registration District.		
FN 2690	July 28, 1956	Aug. 14, 1956	FW 639	SW $\frac{1}{4}$	23-16-15	W2M
FN 2691	July 30, 1956	Aug. 14, 1956	FW 639	NW $\frac{1}{4}$	13-16-15	W2M
FN 2667	July 31, 1956	Aug. 14, 1956	FT 1353	SW $\frac{1}{4}$	14-16-14	W2M
FN 2668	July 31, 1956	Aug. 14, 1956	FT 1354	SW $\frac{1}{4}$	18-16-13	W2M
FN 2669	July 31, 1956	Aug. 14, 1956	FT 1354	NE $\frac{1}{4}$	10-16-13	W2M
FP 5795	Aug. 6, 1956	Aug. 23, 1956	FO 4819	NE $\frac{1}{4}$	5-17-21	W2M
				NW $\frac{1}{4}$	5-17-21	W2M
FP 5796	Aug. 2, 1956	Aug. 23, 1956	FO 4820	NE $\frac{1}{4}$	33-16-18	W2M
FP 5797	Aug. 4, 1956	Aug. 23, 1956	FT 1353	NE $\frac{1}{4}$	18-16-14	W2M
FP 5798	Aug. 4, 1956	Aug. 23, 1956	FT 1353	NW $\frac{1}{4}$	17-16-14	W2M
FP 5799	Aug. 1, 1956	Aug. 23, 1956	FW 640	NE $\frac{1}{4}$	7-16-12	W2M
FZ 1051	July 26, 1956	Aug. 2, 1956	FW 639	NW $\frac{1}{4}$	19-16-15	W2M
				NE $\frac{1}{4}$	19-16-15	W2M
FZ 1055	July 27, 1956	Aug. 2, 1956	FT 1353	SW $\frac{1}{4}$	13-16-14	W2M
FP 5862	Aug. 1, 1956	Sept. 5, 1956	FW 640	NE $\frac{1}{4}$ and NW $\frac{1}{4}$	8-16-12	W2M
FP 5794	Aug. 3, 1956	Aug. 23, 1956	FO 4819	S $\frac{1}{2}$	7-17-21	W2M
Y 1309	Sept. 8, 1956	Sept. 13, 1956	FT 1353	NE $\frac{1}{4}$	15-16-14	W2M
				NW $\frac{1}{4}$	15-16-14	W2M
Y 1308	Sept. 10, 1956	Sept. 13, 1956	FW 902	SE $\frac{1}{4}$ & SW $\frac{1}{4}$	18-17-22	W2M
T 4009	Sept. 11, 1956	Oct. 2, 1956	FR 2900	NE $\frac{1}{4}$	36-16-19	W2M
T 4008	July 4, 1956	Oct. 2, 1956	FN 288	NE $\frac{1}{4}$	14-17-23	W2M
T 4010	July 31, 1956	Oct. 2, 1956	FT 1353	SE $\frac{1}{4}$	15-16-14	W2M
T 4012	July 27, 1956	Oct. 2, 1956	FW 640	SE $\frac{1}{4}$	8-16-12	W2M
Y 1402	Aug. 8, 1956	Oct. 9, 1956	FV 1218	SE $\frac{1}{4}$ & SW $\frac{1}{4}$	1-17-21	W2M
			and FO 4819			
Y 1403	Aug. 4, 1956	Oct. 9, 1956	FV 1218	SW $\frac{1}{4}$	4-17-20	W2M
				SE $\frac{1}{4}$	4-17-20	W2M
Y 1404	Aug. 8, 1956	Oct. 9, 1956	FV 1218	SW $\frac{1}{4}$	3-17-20	W2M
Y 1405	Aug. 9, 1956	Oct. 9, 1956	FV 1218	Lots 28 & 29, in Bk. 9 in Capital Hill, an addition to the City of Regina, Saskat- chewan Plan No. BC-4364.		
Z 1410	Aug. 6, 1956	Oct. 18, 1956	FV 1218	S $\frac{1}{2}$	5-17-20	W2M
Z 1409	Aug. 4, 1956	Oct. 18, 1956	FV 1218	SW $\frac{1}{4}$	2-17-20	W2M
Z 1411	Aug. 15, 1956	Oct. 18, 1956	FV 1219	NE $\frac{1}{4}$ & NW $\frac{1}{4}$	33-16-19	W2M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description	
				That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Regina Land Registration District.	
FR 5601	Aug. 7, 1956	Oct. 22, 1956	FV 1218	SE $\frac{1}{4}$ & SW $\frac{1}{4}$	6-17-20 W2M
FR 5600	Aug. 7, 1956	Oct. 22, 1956	FV 1219	NE $\frac{1}{4}$	32-16-19 W2M
FZ 1054	June 8, 1956	Aug. 2, 1956	FT 1353	NE $\frac{1}{4}$	16-16-14 W2M
FT 3928	July 10, 1956	Sept. 10, 1956	FN 288	SW $\frac{1}{4}$	19-17-23 W2M
FT 3927	July 10, 1956	Sept. 10, 1956	FN 288	SE $\frac{1}{4}$	20-17-23 W2M
FZ 1212	July 26, 1956	Aug. 31, 1956	FW 639	LSD 12 & 13	21-16-15 W2M
FT 3926	July 20, 1956	Sept. 10, 1956	FW 639	NE $\frac{1}{4}$	13-16-15 W2M
FZ 1211	July 20, 1956	Aug. 31, 1956	FT 1353	NW $\frac{1}{4}$	16-16-14 W2M
FT 4011	Sept. 18, 1956	Oct. 2, 1956	FT 1354	NE $\frac{1}{4}$ & NW $\frac{1}{4}$	11-16-13 W2M
FZ 1412	Sept. 11, 1956	Oct. 18, 1956	FT 1353	NE $\frac{1}{4}$	17-16-14 W2M
FW 3438	Oct. 23, 1956	Nov. 12, 1956	FV 1218	Fr SE $\frac{1}{4}$	3-17-20 W2M
FW 3435	Oct. 23, 1956	Nov. 12, 1956	FV 1218	Fr SE $\frac{1}{4}$	3-17-20 W2M
FW 3437	Sept. 18, 1956	Nov. 12, 1956	FV 1218	Fr SE $\frac{1}{4}$	2-17-20 W2M
FW 3436	Sept. 18, 1956	Nov. 12, 1956	FV 1218	Fr SE $\frac{1}{4}$	2-17-20 W2M
FZ 1628	Nov. 10, 1956	Nov. 23, 1956	FV 1219	NW $\frac{1}{4}$	34-16-19 W2M
FX 3352	Sept. 11, 1956	Oct. 26, 1956	FT 1354	NW $\frac{1}{4}$	12-16-13 W2M
FV 1608	July 23, 1956	Dec. 10, 1956	FO 4819	SE $\frac{1}{4}$ and SW $\frac{1}{4}$	2-17-21 W2M

4. THE MOOSOMIN LAND REGISTRATION DISTRICT, SASKATCHEWAN

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description	
				That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moosomin Land Registration District.	
BK 4420	July 9, 1956	July 27, 1956	BJ 2292	SE $\frac{1}{4}$	31-15- 9 W2M
BK 4421	July 9, 1956	July 27, 1956	BJ 2292	SW $\frac{1}{4}$	32-15- 9 W2M
BK 4422	July 9, 1956	July 27, 1956	BJ 2292	SE $\frac{1}{4}$	32-15- 9 W2M
BK 4423	July 9, 1956	July 27, 1956	BJ 2292	SW $\frac{1}{4}$	33-15- 9 W2M
BK 4399	July 5, 1956	July 25, 1956	BJ 2292	SE $\frac{1}{4}$	33-15- 9 W2M
BK 4424	July 9, 1956	July 27, 1956	BJ 2292	S $\frac{1}{2}$	34-15- 9 W2M
BK 4400	July 5, 1956	July 25, 1956	BJ 2292	S $\frac{1}{2}$	35-15- 9 W2M
BK 4401	July 7, 1956	July 25, 1956	BJ 2292	S $\frac{1}{2}$	36-15- 9 W2M
BK 4425	July 9, 1956	July 27, 1956	BK 1688	SW $\frac{1}{4}$	31-15- 8 W2M
BK 4402	July 7, 1956	July 25, 1956	BK 1688	NE $\frac{1}{4}$	30-15- 8 W2M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moosomin Land Registration District.	
BK 4426	July 10, 1956	July 27, 1956	BK 1688	NE $\frac{1}{4}$	29-15- 8 W2M
BK 4427	July 9, 1956	July 27, 1956	BK 1688	NW $\frac{1}{4}$, SE $\frac{1}{4}$, SW $\frac{1}{4}$	26-15- 8 W2M
BK 4428	July 10, 1956	July 27, 1956	BK 1688	SW $\frac{1}{4}$	25-15- 8 W2M
BK 4403	July 11, 1956	July 25, 1956	BK 1688	SE $\frac{1}{4}$	25-15- 8 W2M
BK 4404	July 11, 1956	July 25, 1956	BJ 2694	SW $\frac{1}{4}$	30-15- 7 W2M
BK 4429	July 10, 1956	July 27, 1956	BJ 2694	SE $\frac{1}{4}$	30-15- 7 W2M
BK 4405	July 11, 1956	July 25, 1956	BJ 2694	SW $\frac{1}{4}$	28-15- 7 W2M
BK 4451	July 23, 1956	Aug. 6, 1956	BJ 2292	SW $\frac{1}{4}$	31-15- 9 W2M
BJ 4455	July 10, 1956	Aug. 3, 1956	BK 1688	NW $\frac{1}{4}$ and NE $\frac{1}{4}$	28-15- 8 W2M
BJ 4456	July 16, 1956	Aug. 3, 1956	BK 1617	NW $\frac{1}{4}$, SW $\frac{1}{4}$, SE $\frac{1}{4}$	26-15- 6 W2M
BJ 4457	July 16, 1956	Aug. 3, 1956	BK 1618	SE $\frac{1}{4}$	30-15- 5 W2M
BJ 4458	July 16, 1956	Aug. 3, 1956	BK 1618	SW $\frac{1}{4}$	27-15- 5 W2M
BJ 4459	July 18, 1956	Aug. 3, 1956	BK 1618	NW $\frac{1}{4}$	22-15- 5 W2M
BJ 4444	July 20, 1956	Aug. 3, 1956	BK 1618	NE $\frac{1}{4}$	22-15- 5 W2M
BK 4452	July 19, 1956	Aug. 6, 1956	BK 1620	N $\frac{1}{2}$ of SE $\frac{1}{4}$	21-15- 4 W2M
BK 4453	July 19, 1956	Aug. 6, 1956	BK 1620	SW $\frac{1}{4}$	22-15- 4 W2M
BJ 4460	July 18, 1956	Aug. 3, 1956	BK 1620	SE $\frac{1}{4}$	23-15- 4 W2M
BJ 4445	July 19, 1956	Aug. 3, 1956	BK 1619	SW $\frac{1}{4}$	19-15- 3 W2M
BJ 4446	July 19, 1956	Aug. 3, 1956	BK 1619	NW $\frac{1}{4}$	16-15- 3 W2M
BJ 4447	July 25, 1956	Aug. 3, 1956	BK 1619	NE $\frac{1}{4}$	16-15- 3 W2M
BJ 4448	July 25, 1956	Aug. 3, 1956	BK 1619	NW $\frac{1}{4}$ and NE $\frac{1}{4}$	15-15- 3 W2M
BJ 4449	July 25, 1956	Aug. 3, 1956	BK 1619	NE $\frac{1}{4}$ and NW $\frac{1}{4}$	14-15- 3 W2M
BJ 4450	July 25, 1956	Aug. 3, 1956	BK 1619	SE $\frac{1}{4}$	14-15- 3 W2M
BJ 4461	July 18, 1956	Aug. 3, 1956	BJ 2293	S $\frac{1}{2}$	17-15- 2 W2M
BJ 4462	July 18, 1956	Aug. 3, 1956	BJ 2293	SW $\frac{1}{4}$	16-15- 2 W2M
BJ 4451	July 20, 1956	Aug. 3, 1956	BJ 2293	SE $\frac{1}{4}$	16-15- 2 W2M
BJ 4452	July 20, 1956	Aug. 3, 1956	BJ 2293	SW $\frac{1}{4}$	15-15- 2 W2M
BJ 4453	July 20, 1956	Aug. 3, 1956	BJ 2293	NE $\frac{1}{4}$	10-15- 2 W2M
BJ 4454	July 25, 1956	Aug. 3, 1956	BJ 2293	NE $\frac{1}{4}$	12-15- 2 W2M
BJ 4463	June 18, 1956	Aug. 3, 1956	BJ 2207	N $\frac{1}{2}$	8-15- 1 W2M
BJ 4491	July 16, 1956	Aug. 15, 1956	BK 1617	SW $\frac{1}{4}$	28-15- 6 W2M
BJ 4492	July 24, 1956	Aug. 15, 1956	BK 1617	S $\frac{1}{2}$	27-15- 6 W2M
BJ 4493	July 17, 1956	Aug. 15, 1956	BK 1618	S $\frac{1}{2}$	28-15- 5 W2M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
				That portion of each of the under-mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moosomin Land Registration District.		
BJ 4494	July 17, 1956	Aug. 15, 1956	BK 1618	N $\frac{1}{2}$	23-15- 5	W2M
BJ 4495	July 17, 1956	Aug. 15, 1956	BK 1618	N $\frac{1}{2}$	24-15- 5	W2M
BJ 4498	July 17, 1956	Aug. 15, 1956	BK 1620	SE $\frac{1}{4}$	19-15- 4	W2M
BJ 4499	July 17, 1956	Aug. 15, 1956	BK 1620	SW $\frac{1}{4}$	20-15- 4	W2M
BJ 4500	July 27, 1956	Aug. 15, 1956	BK 1620	SW $\frac{1}{4}$	23-15- 4	W2M
BJ 4501	July 24, 1956	Aug. 15, 1956	BK 1620	SW $\frac{1}{4}$	24-15- 4	W2M
BJ 4496	July 28, 1956	Aug. 15, 1956	BK 1619	N $\frac{1}{2}$	18-15- 3	W2M
BJ 4497	July 25, 1956	Aug. 15, 1956	BK 1619	N $\frac{1}{2}$	17-15- 3	W2M
BJ 4504	July 30, 1956	Aug. 15, 1956	BJ 2293	SW $\frac{1}{4}$	18-15- 2	W2M
BJ 4505	July 27, 1956	Aug. 15, 1956	BJ 2293	NW $\frac{1}{4}$	12-15- 2	W2M
BJ 4502	July 30, 1956	Aug. 15, 1956	BJ 2207	NE $\frac{1}{4}$	12-15- 1	W2M
BJ 4503	July 31, 1956	Aug. 15, 1956	BJ 2209	NE $\frac{1}{4}$	22-14-30	W1M
BK 4574	July 7, 1956	Aug. 22, 1956	BK 1616	SW $\frac{1}{4}$	36-15-10	W2M
BK 4575	July 11, 1956	Aug. 22, 1956	BJ 2694	S $\frac{1}{2}$	27-15- 7	W2M
BK 4576	July 11, 1956	Aug. 22, 1956	BJ 2694	S $\frac{1}{2}$	26-15- 7	W2M
BK 4577	July 11, 1956	Aug. 22, 1956	BJ 2694	SW $\frac{1}{4}$	25-15- 7	W2M
BK 4578	July 13, 1956	Aug. 22, 1956	BJ 2694	SE $\frac{1}{4}$	25-15- 7	W2M
BK 4579	July 16, 1956	Aug. 22, 1956	BK 1617	S $\frac{1}{2}$	30-15- 6	W2M
BK 4580	July 18, 1956	Aug. 22, 1956	BK 1620	SE $\frac{1}{4}$	24-15- 4	W2M
BJ 4562	July 21, 1956	Aug. 29, 1956	BK 1616	SE $\frac{1}{4}$	36-15-10	W2M
BK 4669	July 14, 1956	Sept. 10, 1956	BJ 2694	NE $\frac{1}{4}$	28-15- 7	W2M
				Fr. SE $\frac{1}{4}$	28-15- 7	W2M
BK 4665	July 13, 1956	Sept. 10, 1956	BK 1618	SW $\frac{1}{4}$	30-15- 5	W2M
BK 4670	June 9, 1956	Sept. 10, 1956	BJ 2568	S $\frac{1}{2}$	33-14-31	W1M
BK 4532	Aug. 1, 1956	Aug. 20, 1956	BK 1616	SE $\frac{1}{4}$, NE $\frac{1}{4}$ and NW $\frac{1}{4}$	31-15-10	W2M
BK 4533	Aug. 1, 1956	Aug. 20, 1956	BK 1616	SW $\frac{1}{4}$	32-15-10	W2M
BK 4534	Aug. 1, 1956	Aug. 20, 1956	BK 1616	SE $\frac{1}{4}$	32-15-10	W2M
BK 4535	Aug. 2, 1956	Aug. 20, 1956	BK 1616	S $\frac{1}{2}$	34-15-10	W2M
BK 4536	Aug. 2, 1956	Aug. 20, 1956	BK 1616	S $\frac{1}{2}$	35-15-10	W2M
BK 4542	Aug. 14, 1956	Aug. 20, 1956	BK 1617	SW $\frac{1}{4}$	25-15- 6	W2M
BK 4543	Aug. 14, 1956	Aug. 20, 1956	BK 1617	SE $\frac{1}{4}$	25-15- 6	W2M
BK 4537	Aug. 1, 1956	Aug. 20, 1956	BJ 3534	SE $\frac{1}{4}$	4-15-33	W1M
BK 4538	Aug. 1, 1956	Aug. 20, 1956	BJ 3534	SW $\frac{1}{4}$	3-15-33	W1M
BK 4539	Aug. 1, 1956	Aug. 20, 1956	BJ 3534	SE $\frac{1}{4}$	2-15-33	W1M
BK 4540	Aug. 1, 1956	Aug. 20, 1956	BJ 3534	SW $\frac{1}{4}$	1-15-33	WPM
BK 4541	Aug. 1, 1956	Aug. 20, 1956	BJ 2208	SW $\frac{1}{4}$	4-15-32	W1M
BK 4544	Aug. 16, 1956	Aug. 20, 1956	BJ 2208	SE $\frac{1}{4}$	4-15-32	W1M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
				That portion of each of the under - mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moosomin Land Registration District.		
BK 4545	Aug. 13, 1956	Aug. 20, 1956	BJ 2209	SW $\frac{1}{4}$	28-14-30	W1M
BK 4546	Aug. 13, 1956	Aug. 20, 1956	BJ 2209	S $\frac{1}{2}$ of SE $\frac{1}{4}$		
					28-14-30	W1M
BK 4547	Aug. 13, 1956	Aug. 20, 1956	BJ 2209	SW $\frac{1}{4}$	27-14-30	W1M
BK 4548	Aug. 13, 1956	Aug. 20, 1956	BJ 2209	NW $\frac{1}{4}$	22-14-30	W1M
BK 4549	Aug. 13, 1956	Aug. 20, 1956	BJ 2209	N $\frac{1}{2}$	24-14-30	W1M
BK 4581	Aug. 4, 1956	Aug. 22, 1956	BJ 2207	NW $\frac{1}{4}$	9-15- 1	W2M
BK 4582	Aug. 4, 1956	Aug. 22, 1956	BJ 2207	NE $\frac{1}{4}$	10-15- 1	W2M
BK 4583	Aug. 4, 1956	Aug. 22, 1956	BJ 2207	NW $\frac{1}{4}$	10-15- 1	W2M
BK 4584	Aug. 3, 1956	Aug. 22, 1956	BJ 3534	SE $\frac{1}{4}$	3-15-33	WPM
BK 4585	Aug. 3, 1956	Aug. 22, 1956	BJ 3534	SW $\frac{1}{4}$	2-15-33	W1M
BK 4586	Aug. 4, 1956	Aug. 22, 1956	BJ 2208	SE $\frac{1}{4}$	6-15-32	W1M
BK 4588	Aug. 9, 1956	Aug. 22, 1956	BJ 2208	NE $\frac{1}{4}$	32-14-32	W1M
BK 4589	Aug. 9, 1956	Aug. 22, 1956	BJ 2208	NW $\frac{1}{4}$	33-14-32	WPM
BK 4591	Aug. 3, 1956	Aug. 22, 1956	BJ 2208	N $\frac{1}{2}$	34-14-32	WPM
BK 4590	Aug. 3, 1956	Aug. 22, 1956	BJ 2208	NW $\frac{1}{4}$	35-14-32	WPM
BK 4592	Aug. 3, 1956	Aug. 22, 1956	BJ 2208	NE $\frac{1}{4}$	35-14-32	W1M
BK 4593	Aug. 3, 1956	Aug. 22, 1956	BJ 2208	N $\frac{1}{2}$	36-14-32	WPM
BK 4594	Aug. 7, 1956	Aug. 22, 1956	BJ 2568	N $\frac{1}{2}$	31-14-31	WPM
BK 4567	Aug. 7, 1956	Aug. 22, 1956	BJ 2568	W $\frac{1}{2}$	32-14-31	WPM
BK 4568	Aug. 7, 1956	Aug. 22, 1956	BJ 2568	SE $\frac{1}{4}$	32-14-31	WPM
BK 4569	Aug. 7, 1956	Aug. 22, 1956	BJ 2568	SW $\frac{1}{4}$	34-14-31	W1M
BK 4570	Aug. 7, 1956	Aug. 22, 1956	BJ 2568	SE $\frac{1}{4}$	34-14-31	W1M
BK 4571	Aug. 7, 1956	Aug. 22, 1956	BJ 2568	N $\frac{1}{2}$ of NW $\frac{1}{4}$		
					26-14-31	W1M
BJ 4522	Aug. 20, 1956	Aug. 23, 1956	BK 1688	NW $\frac{1}{4}$	29-15-8	W2M
BJ 4523	Aug. 20, 1956	Aug. 23, 1956	BJ 2694	SW $\frac{1}{4}$	29-15-7	W2M
BJ 4524	Aug. 20, 1956	Aug. 23, 1956	BJ 2694	SE $\frac{1}{4}$	29-15-7	W2M
BJ 4525	Aug. 20, 1956	Aug. 23, 1956	BK 1617	SW $\frac{1}{4}$	29-15-6	W2M
BJ 4526	Aug. 20, 1956	Aug. 23, 1956	BK 1617	SE $\frac{1}{4}$	29-15-6	W2M
BJ 4527	Aug. 20, 1956	Aug. 23, 1956	BK 1618	SW $\frac{1}{4}$	29-15-5	W2M
BJ 4528	Aug. 20, 1956	Aug. 23, 1956	BK 1618	SE $\frac{1}{4}$	29-15-5	W2M
BJ 4529	Aug. 20, 1956	Aug. 23, 1956	BJ 2293	NW $\frac{1}{4}$	11-15-2	W2M
BJ 4530	Aug. 20, 1956	Aug. 23, 1956	BJ 2293	NE $\frac{1}{4}$	11-15-2	W2M
BJ 4531	Aug. 20, 1956	Aug. 23, 1956	BJ 2207	NW $\frac{1}{4}$	11-15-1	W2M
BJ 4532	Aug. 20, 1956	Aug. 23, 1956	BJ 2207	NE $\frac{1}{4}$	11-15-1	W2M
BK 4572	Aug. 8, 1956	Aug. 22, 1956	BJ 2568	NE $\frac{1}{4}$	26-14-31	W1M
BK 4573	Aug. 8, 1956	Aug. 22, 1956	BJ 2209	SW $\frac{1}{4}$	29-14-30	W1M
BK 4645	Aug. 16, 1956	Sept. 4, 1956	BJ 2293	SE $\frac{1}{4}$	15-15-2	W2M

Registration or Filing No.	Date of Grant	Date of Registration or Filing	Plan No.	Description		
				That portion of each of the under-mentioned parcels of land shown coloured in pink on a plan of record in the Land Titles Office for the Moosomin Land Registration District.		
BK 4646	Aug. 9, 1956	Sept. 4, 1956	BJ 2208	SW $\frac{1}{4}$	3-15-32	W1M
BK 4647	Aug. 9, 1956	Sept. 4, 1956	BJ 2568	SW $\frac{1}{4}$	35-14-31	W1M
BK 4667	Aug. 6, 1956	Sept. 10, 1956	BJ 3534	SE $\frac{1}{4}$	1-15-33	WPM
BK 4668	Aug. 6, 1956	Sept. 10, 1956	BJ 2208	SW $\frac{1}{4}$	6-15-32	W1M
BK 4666	Aug. 9, 1956	Sept. 10, 1956	BJ 2209	N $\frac{1}{2}$	30-14-30	WPM
BK 4720	Sept. 11, 1956	Sept. 20, 1956	BK 1616	S $\frac{1}{2}$	33-15-10	W2M
BK 4721	Sept. 4, 1956	Sept. 20, 1956	BK 1620	SE $\frac{1}{4}$	20-15-4	W2M
BK 4722	Sept. 4, 1956	Sept. 20, 1956	BK 1620	LSD's 7 and B		
					22-15-4	W2M
BK 4723	Sept. 13, 1956	Sept. 20, 1956	BJ 3534	N $\frac{1}{2}$	5-15-33	W1M
BK 4724	Sept. 7, 1956	Sept. 20, 1956	BJ 2208	NE $\frac{1}{4}$	33-14-32	W1M
BK 4725	Sept. 10, 1956	Sept. 20, 1956	BJ 2209	NW $\frac{1}{4}$	29-14-30	W1M
BK 4726	Sept. 6, 1956	Sept. 20, 1956	BJ 2209	SE $\frac{1}{4}$	29-14-30	W1M
BK 4587	Aug. 1, 1956	Aug. 22, 1956	BJ 2208	S $\frac{1}{2}$	5-15-32	W1M
BK 4805	Sept. 8, 1956	Oct. 2, 1956	BJ 2207	NW $\frac{1}{4}$	12-15-1	W2M
BK 4811	Sept. 7, 1956	Oct. 2, 1956	BJ 3534	S $\frac{1}{2}$	5-15-33	W1M
BK 4804	Sept. 20, 1956	Oct. 2, 1956	BJ 2293	SE $\frac{1}{4}$	18-15-2	W2M
BK 4931	Sept. 21, 1956	Oct. 17, 1956	BJ 3534	SW $\frac{1}{4}$	4-15-33	W1M
BJ 4995	Oct. 19, 1956	Nov. 21, 1956	BK 1688	SE $\frac{1}{4}$	31-15-8	W2M
BJ 4921	Oct. 23, 1956	Nov. 13, 1956	BJ 2568	N $\frac{1}{2}$	25-14-31	W1M
BJ 4898	Oct. 12, 1956	Nov. 7, 1956	BK 1617	NE $\frac{1}{4}$	27-15-6	W2M
BJ 5110	Dec. 8, 1956	Dec. 17, 1956	BK 1620	LSD 5 & 6 of		
					21-15-4	W2M
BK 5307	Dec. 15, 1956	Dec. 20, 1956	BK 1617	SE $\frac{1}{4}$	28-15-6	W2M

F. All of the following rights-of-way, easements, authorizations, licenses, franchises, grants and/or permits in the Province of Manitoba acquired under and by execution and delivery of the instruments hereinafter described, the same being identified by an indication of whether registered under The Registry Act or under The Real Property Act, and in the case of lands under The Registry Act, the respective Land Registration Districts, and in the case of lands under The Real Property Act, the respective Land Titles Districts, the numbers of record in the Manitoba Land Registration Offices or the Manitoba Land Titles Offices named in subdivision 1 and following subdivisions of this subdivision F, dates of grants, dates of registrations, plan numbers and legal descriptions of the land affected; governmental subdivisions and points of the compass being in abbreviated form; the letters "N", "S", "E" and "W" being used to indicate north, south, east and west; portions of sections being abbreviated as for example: "NW $\frac{1}{4}$ " meaning the North West Quarter; "S $\frac{1}{2}$ " meaning the South Half; townships being sometimes abbreviated or indicated by the letter "T"; ranges by the letter "R"; meridians by the letter "M";

fractions and other irregular parcels by the letters "Fr."; Block by the letters "Bk"; Lot by the word "lot"; Legal Subdivisions by the letters "LSD"; Plan by the letters "Pl"; Subdivisions by the letters "Subdiv."; Road Plans by the letters "R.P."; Railway Plans by the letters "Rly.P."; the words "Section", "Township", "Range" and "Meridian" or capital letters or other abbreviations being sometimes omitted; for illustration: "2-6-10-W1" indicating Section Two (2) of Township Six (6) Range Ten (10) West of the First Meridian:

1. THE BRANDON LAND TITLES OR LAND REGISTRATION DISTRICT, MANITOBA

(a) Lands under The Registry Act:

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
125968	June 29, 1956	Aug. 31, 1956	705	NE $\frac{1}{4}$ 19-12-15 W1
125969	June 25, 1956	Aug. 31, 1956	705	SE $\frac{1}{4}$ 20-12-15 W1
126029	Aug. 31, 1956	Sept. 14, 1956	705	SE $\frac{1}{4}$ 23-12-15 W1
126030	Aug. 27, 1956	Sept. 14, 1956	707	NE $\frac{1}{4}$ 18-12-14 W1
126026	Sept. 4, 1956	Sept. 14, 1956	707	NE $\frac{1}{4}$ 17-12-14 W1
126013	Aug. 29, 1956	Sept. 13, 1956	707	NW $\frac{1}{4}$ 15-12-14 W1
126015	Aug. 27, 1956	Sept. 13, 1956	707	SE $\frac{1}{4}$ 18-12-13 W1
126012	Aug. 27, 1956	Sept. 13, 1956	707	SW $\frac{1}{4}$ 17-12-13 W1
125967	Aug. 18, 1956	Aug. 31, 1956	703	NE $\frac{1}{4}$ 19-14-29 W1
126027	Aug. 30, 1956	Sept. 14, 1956	707	NE $\frac{1}{4}$ 16-12-14 W1
126036 $\frac{1}{2}$	Aug. 30, 1956	Sept. 18, 1956	707	NE $\frac{1}{4}$ and NW $\frac{1}{4}$ 18-12-13 W1
126037	Aug. 25, 1956	Sept. 18, 1956	707	NW $\frac{1}{4}$ 12-12-13 W1
126014	Sept. 5, 1956	Sept. 13, 1956	707	NE $\frac{1}{4}$ 15-12-14 W1
126089	Sept. 10, 1956	Oct. 2, 1956	703	NW $\frac{1}{4}$ 19-14-29 W1
126088	Sept. 10, 1956	Oct. 2, 1956	703	S $\frac{1}{2}$ 20-14-29 W1
126087	Sept. 7, 1956	Oct. 2, 1956	703	SE $\frac{1}{4}$ 14-14-28 W1
126077	Sept. 5, 1956	Oct. 2, 1956	705	SE $\frac{1}{4}$ & SW $\frac{1}{4}$ 29-12-16 W1
126085	Sept. 13, 1956	Oct. 2, 1956	705	SW $\frac{1}{4}$ 23-12-15 W1
126084	Sept. 20, 1956	Oct. 2, 1956	707	S. 100 acres of NW $\frac{1}{4}$ 14-12-14 W1
126100	Aug. 27, 1956	Oct. 5, 1956	707	NW $\frac{1}{4}$ 13-12-14 W1
126295	Sept. 28, 1956	Nov. 13, 1956	707	SE $\frac{1}{4}$ 17-12-13 W1
126419	Nov. 9, 1956	Dec. 5, 1956	703	Fr SE $\frac{1}{4}$ 16-14-28 W1
126606	Jan. 11, 1957	Jan. 17, 1957	703	S $\frac{1}{2}$ 13-14-28 W1
126619	Jan. 9, 1957	Jan. 21, 1957	705	NW $\frac{1}{4}$ 22-12-16 W1
126086	Sept. 15, 1956	Oct. 2, 1956	703	NE $\frac{1}{4}$ 16-14-28 W1
126099	Sept. 10, 1956	Oct. 5, 1956	705	S $\frac{1}{2}$ 30-12-16 W1
126139	Sept. 27, 1956	Oct. 13, 1956	707	NE $\frac{1}{4}$ 12-12-13 W1
126294	Aug. 18, 1956	Nov. 13, 1956	703	S $\frac{1}{2}$ 21-14-29 W1
126316	Oct. 10, 1956	Nov. 15, 1956	707	Fr S $\frac{1}{2}$ & NW $\frac{1}{4}$ 15-12-13 W1
126296	Oct. 25, 1956	Nov. 13, 1956	707	Fr S $\frac{1}{2}$ 15-12-13 W1

(b) Lands under The Real Property Act:

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
126298	Oct. 10, 1956	Nov. 13, 1956	707	NE $\frac{1}{4}$ 10-12-13 W1
126629	June 28, 1956	Jan. 24, 1957	705	NW $\frac{1}{4}$ 19-12-15 W1
114741	June 22, 1956	Aug. 31, 1956	705	NW $\frac{1}{4}$ 23-12-16 W1
114739	June 26, 1956	Aug. 31, 1956	705	NW $\frac{1}{4}$ 20-12-15 W1
				SW $\frac{1}{4}$ 20-12-15 W1
114740	June 22, 1956	Aug. 31, 1956	705	N $\frac{1}{2}$ 24-12-16 W1
114732	Aug. 18, 1956	Aug. 31, 1956	703	SW $\frac{1}{4}$ 15-14-28 W1
				NW $\frac{1}{4}$ 15-14-28 W1
114733	Aug. 21, 1956	Aug. 31, 1956	704	NE $\frac{1}{4}$ 35-12-18 W1
114734	Aug. 20, 1956	Aug. 31, 1956	704	NW $\frac{1}{4}$ 31-12-17 W1
114735	Aug. 21, 1956	Aug. 31, 1956	704	E $\frac{1}{2}$ 31-12-17 W1
115079	Sept. 7, 1956	Sept. 18, 1956	703	NE $\frac{1}{4}$ 18-14-28 W1
115080	Sept. 7, 1956	Sept. 18, 1956	703	NE $\frac{1}{4}$ 17-14-28 W1
115002	Aug. 30, 1956	Sept. 14, 1956	703	S $\frac{1}{2}$ 16-14-28 W1
115082	Sept. 8, 1956	Sept. 18, 1956	704	NE $\frac{1}{4}$ 36-12-18 W1
115021	Aug. 20, 1956	Sept. 15, 1956	704	SW $\frac{1}{4}$ 32-12-17 W1
115022	Aug. 20, 1956	Sept. 15, 1956	704	SW $\frac{1}{4}$ 33-12-17 W1
115003	Aug. 27, 1956	Sept. 14, 1956	704	SE $\frac{1}{4}$ 34-12-17 W1
115083	Sept. 5, 1956	Sept. 18, 1956	704	NW $\frac{1}{4}$ 26-12-17 W1
115004	Aug. 28, 1956	Sept. 14, 1956	704	NE $\frac{1}{4}$ 26-12-17 W1
115005	Aug. 21, 1956	Sept. 14, 1956	705	N $\frac{1}{2}$ 21-12-16 W1
115001	Aug. 28, 1956	Sept. 14, 1956	705	E $\frac{1}{2}$ 22-12-16 W1
114952	Aug. 22, 1956	Sept. 13, 1956	705	NE $\frac{1}{4}$ 23-12-16 W1
115023	Aug. 31, 1956	Sept. 15, 1956	705	S $\frac{1}{2}$ 22-12-15 W1
114954	Aug. 28, 1956	Sept. 13, 1956	705	NW $\frac{1}{4}$ 13-12-15 W1
115025	Aug. 29, 1956	Sept. 15, 1956	707	E $\frac{1}{2}$ 14-12-14 W1
				NW $\frac{1}{4}$ 14-12-14 W1
114953	Aug. 27, 1956	Sept. 13, 1956	707	NE $\frac{1}{4}$ 13-12-14 W1
115735	Aug. 25, 1956	Oct. 19, 1956	703	NW $\frac{1}{4}$ 16-14-28 W1
115734	Sept. 10, 1956	Oct. 19, 1956	703	N $\frac{1}{2}$ 20-14-29 W1
115347	Sept. 11, 1956	Oct. 2, 1956	703	SW $\frac{1}{4}$ 22-14-29 W1
115346	Sept. 11, 1956	Oct. 2, 1956	703	NE $\frac{1}{4}$ 14-14-29 W1
115450	Sept. 12, 1956	Oct. 5, 1956	703	NW $\frac{1}{4}$ 13-14-29 W1
115353	Aug. 20, 1956	Oct. 2, 1956	704	SE $\frac{1}{4}$ 32-12-17 W1
115351	Sept. 4, 1956	Oct. 2, 1956	707	NW $\frac{1}{4}$ 18-12-14 W1
115642	Sept. 7, 1956	Oct. 16, 1956	703	E $\frac{1}{2}$ 15-14-28 W1
115673	Sept. 27, 1956	Oct. 17, 1956	704	NW $\frac{1}{4}$ 32-12-17 W1
115674	Sept. 27, 1956	Oct. 17, 1956	704	SW $\frac{1}{4}$ 34-12-17 W1
115675	Sept. 27, 1956	Oct. 17, 1956	704	NE $\frac{1}{4}$ 27-12-17 W1
115643	Sept. 21, 1956	Oct. 16, 1956	705	NW $\frac{1}{4}$ 30-12-16 W1
115352	Sept. 4, 1956	Oct. 2, 1956	707	NW $\frac{1}{4}$ 16-12-14 W1

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
115821	Sept. 21, 1956	Oct. 24, 1956	704	N $\frac{1}{2}$ 25-12-17 W1
115350	Sept. 12, 1956	Oct. 2, 1956	703	NE $\frac{1}{4}$ 13-14-29 W1
115348	Sept. 12, 1956	Oct. 2, 1956	703	NW $\frac{1}{4}$ 18-14-28 W1
115451	Sept. 11, 1956	Oct. 5, 1956	704	NW $\frac{1}{4}$ 36-12-18 W1
				SW $\frac{1}{4}$ 36-12-18 W1
126317	Oct. 23, 1956	Nov. 15, 1956	707	NW $\frac{1}{4}$ 10-12-13 W1
116736	Dec. 5, 1956	Dec. 8, 1956	705	28-12-16 W1
115790	Sept. 4, 1956	Oct. 23, 1956	705	W $\frac{1}{2}$ 24-12-15 W1
117433	Dec. 14, 1956	Jan. 22, 1957	707	W $\frac{1}{2}$ 17-12-14 W1

2. THE NEPPAWA LAND TITLES OR LAND REGISTRATION DISTRICT, MANITOBA.

(a) Lands under The Registry Act:

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
189343	Aug. 29, 1956	Sept. 13, 1956	4392	NW $\frac{1}{4}$ 19-13-22 W1
189344	Aug. 30, 1956	Sept. 13, 1956	4394	NE $\frac{1}{4}$ 8-13-20 W1
189347	Sept. 6, 1956	Sept. 13, 1956	4382	SE $\frac{1}{4}$ 7-13-19 W1
189401	July 14, 1956	Oct. 10, 1956	4389	N $\frac{1}{2}$ 1-14-27 W1
				SE $\frac{1}{4}$ 1-14-27 W1
189380	Aug. 30, 1956	Oct. 2, 1956	4389	NW $\frac{1}{4}$ 7-14-27 W1
189385	Sept. 12, 1956	Oct. 2, 1956	4389	SE $\frac{1}{4}$ 3-14-26 W1
189384	Aug. 31, 1956	Oct. 2, 1956	4387	NW $\frac{1}{4}$ 28-13-24 W1
189383	Aug. 28, 1956	Oct. 2, 1956	4392	NE $\frac{1}{4}$ 23-13-23 W1
189382	Sept. 20, 1956	Oct. 2, 1956	4392	SE $\frac{1}{4}$ 19-13-22 W1
189323	Aug. 2, 1956	Sept. 5, 1956	4389	SW $\frac{1}{4}$ 10-14-27 W1
189338	Sept. 5, 1956	Sept. 10, 1956	4389	NE $\frac{1}{4}$ 36-13-26 W1
189327	Aug. 28, 1956	Sept. 7, 1956	4387	N $\frac{1}{2}$ 34-13-25 W1
189335	Aug. 31, 1956	Sept. 10, 1956	4387	NW $\frac{1}{4}$ 29-13-24 W1
189337	Aug. 31, 1956	Sept. 10, 1956	4394	SE $\frac{1}{4}$ 16-13-21 W1
189397	Sept. 7, 1956	Oct. 5, 1956	4392	NE $\frac{1}{4}$ 13-13-22 W1
189381	Sept. 11, 1956	Oct. 2, 1956	4392	NW $\frac{1}{4}$ 13-13-22 W1
189559	Dec. 20, 1956	Dec. 29, 1956	4387	NW $\frac{1}{4}$ 32-13-25 W1
189535	Nov. 30, 1956	Dec. 14, 1956	4387	NE $\frac{1}{4}$ 25-13-24 W1
189523	Dec. 5, 1956	Dec. 10, 1956	4392	NE $\frac{1}{4}$ 24-13-23 W1
189556	Dec. 6, 1956	Dec. 27, 1956	4392	NE $\frac{1}{4}$ 14-13-22 W1
189336	Aug. 29, 1956	Sept. 10, 1956	4392	NE $\frac{1}{4}$ 22-13-23 W1
189533	Dec. 10, 1956	Dec. 13, 1956	4389	SW $\frac{1}{4}$ 3-14-26 W1
189334	July 17, 1956	Sept. 10, 1956	4387	SE $\frac{1}{4}$ 34-13-25 W1
189403	Oct. 6, 1956	Oct. 13, 1956	4382	SE $\frac{1}{4}$ & 2-13-18 W1
				SW $\frac{1}{4}$ 2-13-18 W1
189531	Dec. 10, 1956	Dec. 13, 1956	4389	SE $\frac{1}{4}$ 5-14-26 W1
189565	Dec. 17, 1956	Jan. 8, 1957	4387	SE $\frac{1}{4}$ 36-13-25 W1

(b) Lands under The Real Property Act:

Registration No.	Date of Grant	Date of Registration	Plan No.	Description	
105880	July 17, 1956	Sept. 10, 1956	4387	SW $\frac{1}{4}$	34-13-25 W1
105783	Aug. 27, 1956	Sept. 4, 1956	4389	NE $\frac{1}{4}$	7-14-27 W1
105784	Aug. 27, 1956	Sept. 4, 1956	4389	NW $\frac{1}{4}$	8-14-27 W1
105785	Aug. 24, 1956	Sept. 4, 1956	4389	S $\frac{1}{2}$ and NW $\frac{1}{4}$	9-14-27 W1
105786	Aug. 24, 1956	Sept. 4, 1956	4389	NW $\frac{1}{4}$	3-14-27 W1
105787	Aug. 24, 1956	Sept. 4, 1956	4389	SE $\frac{1}{4}$	6-14-26 W1
105788	Aug. 14, 1956	Sept. 4, 1956	4389	SW $\frac{1}{4}$	2-14-26 W1
105789	Aug. 14, 1956	Sept. 4, 1956	4389	SE $\frac{1}{4}$	2-14-26 W1
105790	Aug. 14, 1956	Sept. 4, 1956	4389	SW $\frac{1}{4}$	1-14-26 W1
105791	Aug. 14, 1956	Sept. 4, 1956	4389	NW $\frac{1}{4}$	36-13-26 W1
105792	Aug. 11, 1956	Sept. 4, 1956	4387	NE $\frac{1}{4}$	33-13-25 W1
105793	Aug. 11, 1956	Sept. 4, 1956	4387	SE $\frac{1}{4}$	35-13-25 W1
105825	Aug. 9, 1956	Sept. 5, 1956	4387	SW $\frac{1}{4}$	36-13-25 W1
105821	Aug. 10, 1956	Sept. 5, 1956	4387	SE $\frac{1}{4}$	31-13-24 W1
105820	Aug. 13, 1956	Sept. 5, 1956	4387	NE $\frac{1}{4}$	29-13-24 W1
105878	Sept. 1, 1956	Sept. 10, 1956	4389	SW $\frac{1}{4}$	5-14-26 W1
105879	Aug. 31, 1956	Sept. 10, 1956	4389	SE $\frac{1}{4}$	4-14-26 W1
105881	Aug. 28, 1956	Sept. 10, 1956	4387	NW $\frac{1}{4}$	26-13-24 W1
105877	Aug. 29, 1956	Sept. 10, 1956	4392	SE $\frac{1}{4}$	30-13-23 W1
105882	Aug. 30, 1956	Sept. 10, 1956	4392	SE $\frac{1}{4}$	28-13-23 W1
105883	Aug. 30, 1956	Sept. 10, 1956	4392	SW $\frac{1}{4}$	27-13-23 W1
105884	Aug. 31, 1956	Sept. 10, 1956	4392	SE $\frac{1}{4}$	27-13-23 W1
105885	Sept. 4, 1956	Sept. 10, 1956	4392	SE $\frac{1}{4}$	21-13-22 W1
105886	Sept. 4, 1956	Sept. 10, 1956	4392	S $\frac{1}{2}$	22-13-22 W1
105887	Sept. 4, 1956	Sept. 10, 1956	4394	SW $\frac{1}{4}$	16-13-21 W1
105873	Aug. 30, 1956	Sept. 10, 1956	4394	S $\frac{1}{2}$	15-13-21 W1
105875	Aug. 15, 1956	Sept. 10, 1956	4394	NW $\frac{1}{4}$	7-13-20 W1
105876	Aug. 29, 1956	Sept. 10, 1956	4382	NE $\frac{1}{4}$	1-13-19 W1
105874	Aug. 29, 1956	Sept. 10, 1956	4382	SE $\frac{1}{4}$	3-13-18 W1
105824	Aug. 8, 1956	Sept. 5, 1956	4387	NE $\frac{1}{4}$	28-13-24 W1
105823	Aug. 24, 1956	Sept. 5, 1956	4392	NW $\frac{1}{4}$	24-13-23 W1
105822	Aug. 15, 1956	Sept. 5, 1956	4394	NE $\frac{1}{4}$	9-13-20 W1
105819	Aug. 16, 1956	Sept. 5, 1956	4394		10-13-20 W1
105817	Aug. 16, 1956	Sept. 5, 1956	4382	SW $\frac{1}{4}$	7-13-19 W1
105795	Aug. 17, 1956	Sept. 4, 1956	4382	NE $\frac{1}{4}$	3-13-19 W1
105794	Aug. 17, 1956	Sept. 4, 1956	4382	NE $\frac{1}{4}$ and NW $\frac{1}{4}$	2-13-19 W1
105931	Sept. 7, 1956	Sept. 13, 1956	4389	SW $\frac{1}{4}$	18-14-27 W1
105932	Sept. 5, 1956	Sept. 13, 1956	4392	NE $\frac{1}{4}$	15-13-22 W1

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
105933	Sept. 6, 1956	Sept. 13, 1956	4394	N $\frac{1}{2}$ 11-13-21 W1
105916	Sept. 5, 1956	Sept. 13, 1956	4382	SW $\frac{1}{4}$ 8-13-19 W1
105919	Sept. 5, 1956	Sept. 13, 1956	4382	SE $\frac{1}{4}$ 8-13-19 W1
105918	Sept. 5, 1956	Sept. 13, 1956	4382	SW $\frac{1}{4}$ 9-13-19 W1
105930	Aug. 29, 1956	Sept. 13, 1956	4382	NW $\frac{1}{4}$ 1-13-19 W1
105917	Aug. 28, 1956	Sept. 13, 1956	4382	NW $\frac{1}{4}$ 6-13-18 W1
				NE $\frac{1}{4}$ 6-13-18 W1
106238	Oct. 15, 1956	Oct. 19, 1956	4392	SW $\frac{1}{4}$ 28-13-23 W1
106236	Oct. 15, 1956	Oct. 19, 1956	4394	NW $\frac{1}{4}$ 9-13-20 W1
106237	Oct. 15, 1956	Oct. 19, 1956	4392	NW $\frac{1}{4}$ 14-13-22 W1
106079	Sept. 20, 1956	Oct. 2, 1956	4394	NW $\frac{1}{4}$ 8-13-20 W1
106075	Sept. 18, 1956	Oct. 2, 1956	4394	SE $\frac{1}{4}$ 11-13-20 W1
106076	Sept. 20, 1956	Oct. 2, 1956	4394	SW $\frac{1}{4}$ 12-13-20 W1
106078	Sept. 19, 1956	Oct. 2, 1956	4382	N $\frac{1}{2}$ 4-13-18 W1
				SE $\frac{1}{4}$ 4-13-18 W1
106077	Sept. 8, 1956	Oct. 2, 1956	4382	SW $\frac{1}{4}$ 3-13-18 W1
106080	Sept. 27, 1956	Oct. 2, 1956	4394	NE $\frac{1}{4}$ 7-13-20 W1
106091	Sept. 17, 1956	Oct. 2, 1956	4389	NE $\frac{1}{4}$ 3-14-27 W1
106087	Sept. 17, 1956	Oct. 2, 1956	4389	NW $\frac{1}{4}$ 2-14-27 W1
106086	Sept. 11, 1956	Oct. 2, 1956	4387	NW $\frac{1}{4}$ 31-13-25 W1
106089	Sept. 11, 1956	Oct. 2, 1956	4387	SW $\frac{1}{4}$ 35-13-25 W1
106090	Sept. 24, 1956	Oct. 2, 1956	4387	SW $\frac{1}{4}$ 32-13-24 W1
106085	Aug. 9, 1956	Oct. 2, 1956	4387	NE $\frac{1}{4}$ 26-13-24 W1
106081	Sept. 17, 1956	Oct. 2, 1956	4392	SW $\frac{1}{4}$ 21-13-22 W1
106084	Sept. 20, 1956	Oct. 2, 1956	4394	NW $\frac{1}{4}$ 18-13-21 W1
106082	Sept. 5, 1956	Oct. 2, 1956	4394	N $\frac{1}{2}$ 12-13-21 W1
106140	July 14, 1956	Oct. 10, 1956	4389	SW $\frac{1}{4}$ 1-14-27 W1
106083	July 30, 1956	Oct. 2, 1956	4394	SE $\frac{1}{4}$ 17-13-21 W1
106172	Oct. 5, 1956	Oct. 13, 1956	4394	SW $\frac{1}{4}$ 17-13-21 W1
106157	Oct. 9, 1956	Oct. 12, 1956	4382	N $\frac{1}{2}$ 4-13-19 W1
106088	Sept. 22, 1956	Oct. 2, 1956	4387	N $\frac{1}{2}$ 27-13-24 W1
106590	Nov. 19, 1956	Nov. 24, 1956	4392	S $\frac{1}{2}$ 20-13-22 W1
107002	Oct. 16, 1956	Jan. 17, 1957	4389	SW $\frac{1}{4}$ 6-14-26 W1
106646	June 5, 1956	Dec. 1, 1956	4392	NW $\frac{1}{4}$ 30-13-23 W1
106634	Nov. 7, 1956	Nov. 30, 1956	4387	SW $\frac{1}{4}$ 31-13-24 W1
106560	Oct. 3, 1956	Nov. 22, 1956	4387	NE $\frac{1}{4}$ 32-13-25 W1
106559	Nov. 8, 1956	Nov. 22, 1956	4392	SW $\frac{1}{4}$ 30-13-23 W1
106879	Dec. 20, 1956	Dec. 29, 1956	4387	NE $\frac{1}{4}$ 31-13-25 W1
105818	Aug. 18, 1956	Sept. 5, 1956	4394	SE $\frac{1}{4}$ 12-13-20 W1
106787	Dec. 10, 1956	Dec. 19, 1956	4394	SW $\frac{1}{4}$ 11-13-20 W1
106921	Dec. 10, 1956	Jan. 4, 1957	4387	NW $\frac{1}{4}$ 25-13-24 W1

3. THE PORTAGE LA PRAIRIE LAND TITLES OR LAND REGISTRATION DISTRICT, MANITOBA

(a) Lands under The Registry Act:

Registration No.	Date of Grant	Date of Registration	Plan No.	Description	
127655	Aug. 9, 1956	Aug. 23, 1956	991	NE $\frac{1}{4}$	32-11-11 W1
127656	Aug. 9, 1956	Aug. 23, 1956	991	NW $\frac{1}{4}$	33-11-11 W1
127657	Aug. 15, 1956	Aug. 23, 1956	990	SE $\frac{1}{4}$	29-11-10 W1
127654	Aug. 16, 1956	Aug. 23, 1956	996	NW $\frac{1}{4}$	8-11- 8 W1
127653	Aug. 13, 1956	Aug. 23, 1956	996	SW $\frac{1}{4}$	11-11- 8 W1
127677	Aug. 15, 1956	Sept. 10, 1956	991	SW $\frac{1}{4}$	9-12-12 W1
127676	Aug. 20, 1956	Sept. 10, 1956	991	NE $\frac{1}{4}$	2-12-12 W1
127665	Aug. 16, 1956	Sept. 1, 1956	996	NE $\frac{1}{4}$	1-11- 8 W1
127685	Sept. 10, 1956	Sept. 19, 1956	996	NW $\frac{1}{4}$	5-11- 7 W1
				SW $\frac{1}{4}$	5-11- 7 W1
127686	Sept. 10, 1956	Sept. 19, 1956	996	NE $\frac{1}{4}$	5-11- 7 W1
127664	Aug. 20, 1956	Sept. 1, 1956	991	SE $\frac{1}{4}$	1-12-12 W1
127694	Sept. 12, 1956	Oct. 5, 1956	991	S $\frac{1}{2}$	8-12-12 W1
127695	Sept. 17, 1956	Oct. 5, 1956	990	SE $\frac{1}{4}$	28-11-10 W1
127703	Oct. 6, 1956	Oct. 13, 1956	991	NE $\frac{1}{4}$	33-11-11 W1
127709	Sept. 12, 1956	Oct. 19, 1956	990	NE $\frac{1}{4}$	30-11-10 W1
				NW $\frac{1}{4}$	30-11-10 W1
127749	Nov. 24, 1956	Dec. 11, 1956	991	SW $\frac{1}{4}$	7-12-12 W1
127708	Oct. 15, 1956	Oct. 19, 1956	990	S $\frac{1}{2}$ of SW $\frac{1}{4}$ &	
				SE $\frac{1}{4}$	26-11-10 W1
127707	Oct. 1, 1956	Oct. 19, 1956	997	SE $\frac{1}{4}$	29-10- 5 W1
127728	Nov. 8, 1956	Nov. 21, 1956	995	NE $\frac{1}{4}$	8-10-3 W1

(b) Lands under The Real Property Act:

Registration No.	Date of Grant	Date of Registration	Plan No.	Description	
83061	Aug. 8, 1956	Sept. 1, 1956	991	SE $\frac{1}{4}$ and SW $\frac{1}{4}$	6-12-11 W1
83042	Aug. 16, 1956	Aug. 30, 1956	991	SW $\frac{1}{4}$	35-11-11 W1
83062	Aug. 8, 1956	Sept. 1, 1956	991	SE $\frac{1}{4}$	35-11-11 W1
83063	Aug. 8, 1956	Sept. 1, 1956	991	NE $\frac{1}{4}$	25-11-11 W1
83064	Aug. 8, 1956	Sept. 1, 1956	990	NE $\frac{1}{4}$	29-11-10 W1
83043	Aug. 14, 1956	Aug. 30, 1956	990	SW $\frac{1}{4}$	27-11-10 W1
83044	Aug. 15, 1956	Aug. 30, 1956	990	SE $\frac{1}{4}$	27-11-10 W1
83045	Aug. 14, 1956	Aug. 30, 1956	990	SW $\frac{1}{4}$	25-11-10 W1
83065	Aug. 20, 1956	Sept. 1, 1956	988	N $\frac{1}{2}$ of NW $\frac{1}{4}$	19-11-9 W1
83047	Aug. 15, 1956	Aug. 30, 1956	988	N $\frac{1}{2}$ of NW $\frac{1}{4}$	14-11-9 W1
83048	Aug. 15, 1956	Aug. 30, 1956	988	S $\frac{1}{2}$ of NE $\frac{1}{4}$	14-11-9 W1

Registration No.	Date of Grant	Date of Registration	Plan No.	Description	
83066	Aug. 13, 1956	Sept. 1, 1956	988	SW $\frac{1}{4}$	13-11-9 W1
83049	Aug. 16, 1956	Aug. 30, 1956	996	SW $\frac{1}{4}$	18-11-8 W1
83067	Aug. 21, 1956	Sept. 1, 1956	996	SE $\frac{1}{4}$	18-11-8 W1
83050	Aug. 17, 1956	Aug. 30, 1956	996	SW $\frac{1}{4}$	17-11-8 W1
83116	Aug. 15, 1956	Sept. 10, 1956	991	SE $\frac{1}{4}$	7-12-12 W1
83101	Aug. 20, 1956	Sept. 10, 1956	991	SW $\frac{1}{4}$	1-12-12 W1
83102	Aug. 23, 1956	Sept. 10, 1956	988	S $\frac{1}{2}$ of SW $\frac{1}{4}$	21-11-9 W1
83103	Aug. 28, 1956	Sept. 10, 1956	988	N $\frac{1}{2}$ of SE $\frac{1}{4}$	13-11-9 W1
83104	Sept. 4, 1956	Sept. 10, 1956	996	S $\frac{1}{2}$	10-11-8 W1
83105	Aug. 31, 1956	Sept. 10, 1956	996	W $\frac{1}{2}$ of NE $\frac{1}{4}$	35-10-7 W1
83106	Aug. 29, 1956	Sept. 10, 1956	996	E $\frac{1}{2}$ of NE $\frac{1}{4}$	35-10-7 W1
83107	Aug. 29, 1956	Sept. 10, 1956	997	NW $\frac{1}{4}$	31-10-6 W1
83108	Aug. 29, 1956	Sept. 10, 1956	997	SW $\frac{1}{4}$	31-10-6 W1
83109	Aug. 28, 1956	Sept. 10, 1956	997	E $\frac{1}{2}$ of SW $\frac{1}{4}$	32-10-6 W1
				N $\frac{1}{2}$ of S $\frac{1}{2}$ of SE $\frac{1}{4}$	32-10-6 W1
83114	Aug. 23, 1956	Sept. 10, 1956	995	NW $\frac{1}{4}$	9-10-3 W1
83115	Aug. 23, 1956	Sept. 10, 1956	995	NE $\frac{1}{4}$	9-10-3 W1
83113	Aug. 28, 1956	Sept. 10, 1956	995	SE $\frac{1}{4}$	10-10-3 W1
				S $\frac{1}{2}$ of NE $\frac{1}{4}$	10-10-3 W1
83051	Aug. 13, 1956	Aug. 30, 1956	996	SE $\frac{1}{4}$	11-11-8 W1
83074	Aug. 25, 1956	Sept. 4, 1956	996	SW $\frac{1}{4}$	3-11-7 W1
83075	Aug. 23, 1956	Sept. 4, 1956	996	SW $\frac{1}{4}$	2-11-7 W1
83076	Aug. 23, 1956	Sept. 4, 1956	996	NW $\frac{1}{4}$	35-10-7 W1
83077	Aug. 22, 1956	Sept. 4, 1956	997	SE $\frac{1}{4}$	31-10-6 W1
83069	Aug. 20, 1956	Sept. 1, 1956	997	W $\frac{1}{2}$ of SW $\frac{1}{4}$	32-10-6 W1
83068	Aug. 20, 1956	Sept. 1, 1956	997	S $\frac{1}{2}$ of S $\frac{1}{2}$ of SE $\frac{1}{4}$	32-10-6 W1
83078	Aug. 25, 1956	Sept. 4, 1956	997	SW $\frac{1}{4}$	29-10-5 W1
83079	Aug. 22, 1956	Sept. 4, 1956	997	NE $\frac{1}{4}$	21-10-5 W1
83070	Aug. 21, 1956	Sept. 1, 1956	997	W $\frac{1}{2}$	23-10-5 W1
83071	Aug. 20, 1956	Sept. 1, 1956	997	SE $\frac{1}{4}$	24-10- 5 W1
				E $\frac{1}{2}$ of SW $\frac{1}{4}$	24-10- 5 W1
83080	Aug. 20, 1956	Sept. 4, 1956	995	N $\frac{1}{2}$ of NE $\frac{1}{4}$	1-10- 3 W1

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
83135	Sept. 5, 1956	Sept. 12, 1956	991	NW $\frac{1}{4}$ 34-11-11 W1
83134	Aug. 16, 1956	Sept. 12, 1956	990	NE $\frac{1}{4}$ 24-11-10 W1
83133	Sept. 1, 1956	Sept. 12, 1956	988	SE $\frac{1}{4}$ 20-11- 9 W1
83131	Sept. 4, 1956	Sept. 12, 1956	988	N $\frac{1}{2}$ of SW $\frac{1}{4}$ 21-11- 9 W1
83132	Sept. 4, 1956	Sept. 12, 1956	988	SE $\frac{1}{4}$ 21-11- 9 W1
83129	Sept. 4, 1956	Sept. 12, 1956	988	NE $\frac{1}{4}$ 15-11- 9 W1
83127	Sept. 4, 1956	Sept. 12, 1956	996	NW $\frac{1}{4}$ 9-11- 8 W1
83128	Sept. 4, 1956	Sept. 12, 1956	996	NE $\frac{1}{4}$ 9-11- 8 W1
83126	Sept. 4, 1956	Sept. 12, 1956	996	S $\frac{1}{2}$ of NW $\frac{1}{4}$ 10-11- 8 W1
				SE $\frac{1}{4}$ 10-11- 8 W1
				SW $\frac{1}{4}$ 10-11- 8 W1
83136	Aug. 17, 1956	Sept. 12, 1956	996	NW $\frac{1}{4}$ 1-11- 8 W1
83137	Aug. 24, 1956	Sept. 12, 1956	996	SE $\frac{1}{4}$ 3-11- 7 W1
83139	Sept. 6, 1956	Sept. 12, 1956	997	NW $\frac{1}{4}$ 26-10- 6 W1
83145	Aug. 20, 1956	Sept. 14, 1956	991	SE $\frac{1}{4}$ 2-12-12 W1
83179	Sept. 5, 1956	Sept. 19, 1956	988	NW $\frac{1}{4}$ 15-11- 9 W1
83181	Aug. 28, 1956	Sept. 19, 1956	988	NW $\frac{1}{4}$ 13-11- 9 W1
83182	Sept. 10, 1956	Sept. 19, 1956	996	NE $\frac{1}{4}$ 6-11- 7 W1
83183	Sept. 10, 1956	Sept. 19, 1956	996	NW $\frac{1}{4}$ 5-11- 7 W1
83184	Sept. 11, 1956	Sept. 19, 1956	996	NE $\frac{1}{4}$ 36-10- 7 W1
				and NW $\frac{1}{4}$ 36-10- 7 W1
83185	Sept. 7, 1956	Sept. 19, 1956	997	E $\frac{1}{2}$ of NE $\frac{1}{4}$ 20-10- 5 W1
83171	Sept. 11, 1956	Sept. 19, 1956	997	W $\frac{1}{2}$ of NE $\frac{1}{4}$ and SE $\frac{1}{4}$ 23-10- 5 W1
83174	Sept. 10, 1956	Sept. 19, 1956	995	E $\frac{1}{2}$ 11-10- 3 W1
83175	Sept. 10, 1956	Sept. 19, 1956	995	SW $\frac{1}{4}$ 12-10- 3 W1
83176	Sept. 10, 1956	Sept. 19, 1956	995	N $\frac{1}{2}$ of NW $\frac{1}{4}$ 1-10- 3 W1
83172	Sept. 7, 1956	Sept. 19, 1956	997	NW $\frac{1}{4}$ 21-10- 5 W1
83130	Sept. 4, 1956	Sept. 12, 1956	988	SW $\frac{1}{4}$ 22-11- 9 W1
83140	Aug. 22, 1956	Sept. 12, 1956	995	N $\frac{1}{2}$ of NW $\frac{1}{4}$ 17-10- 4 W1
83279	Sept. 11, 1956	Oct. 2, 1956	991	NE $\frac{1}{4}$ 4-12-12 W1
83278	Aug. 8, 1956	Oct. 2, 1956	991	NE $\frac{1}{4}$ 31-11-11 W1
83277	Sept. 25, 1956	Oct. 2, 1956	991	S $\frac{1}{2}$ 36-11-11 W1
83273	Sept. 15, 1956	Oct. 2, 1956	996	SW $\frac{1}{4}$ 4-11- 7 W1
83272	Sept. 10, 1956	Oct. 2, 1956	997	SW $\frac{1}{4}$ 30-10- 5 W1
				SE $\frac{1}{4}$ 30-10- 5 W1

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
83288	Sept. 17, 1956	Oct. 4, 1956	995	SW $\frac{1}{4}$ 19-10- 4 W1
83269	Aug. 24, 1956	Oct. 2, 1956	995	NW $\frac{1}{4}$ 16-10- 4 W1
				W $\frac{1}{2}$ of
				SW $\frac{1}{4}$ 21-10- 4 W1
				S $\frac{1}{2}$ of LSD 12
				21-10- 4 W1
83268	Sept. 25, 1956	Oct. 2, 1956	995	N $\frac{1}{2}$ 15-10- 4 W1
83267	Sept. 25, 1956	Oct. 2, 1956	995	W $\frac{1}{2}$ 14-10- 4 W1
83265	Sept. 25, 1956	Oct. 2, 1956	995	W $\frac{1}{2}$ 13-10- 4 W1
83264	Sept. 25, 1956	Oct. 2, 1956	995	N $\frac{1}{2}$ of
				SE $\frac{1}{4}$ 13-10- 4 W1
				S $\frac{1}{2}$ of
				SE $\frac{1}{4}$ 13-10- 4 W1
83263	Sept. 13, 1956	Oct. 2, 1956	995	S $\frac{1}{2}$ of SW $\frac{1}{4}$
				18-10- 3 W1
83262	Sept. 13, 1956	Oct. 2, 1956	995	S $\frac{1}{2}$ of SE $\frac{1}{4}$
				18-10- 3 W1
83261	Sept. 13, 1956	Oct. 2, 1956	995	SW $\frac{1}{4}$ 17-10- 3 W1
83260	Sept. 13, 1956	Oct. 2, 1956	995	NW $\frac{1}{4}$ 8-10- 3 W1
83287	Oct. 1, 1956	Oct. 4, 1956	990	NW $\frac{1}{4}$ 29-11-10 W1
83258	Sept. 22, 1956	Oct. 2, 1956	996	N $\frac{1}{2}$ of SE $\frac{1}{4}$
				4-11- 7 W1
83285	Aug. 28, 1956	Oct. 4, 1956	997	S $\frac{1}{2}$ of SW $\frac{1}{4}$
				33-10- 6 W1
83286	Aug. 28, 1956	Oct. 4, 1956	997	NW $\frac{1}{4}$ 28-10- 6 W1
83274	June 9, 1956	Oct. 2, 1956	996	N $\frac{1}{2}$ of SE $\frac{1}{4}$
				4-11- 7 W1
83503	Oct. 29, 1956	Nov. 10, 1956	991	NW $\frac{1}{4}$ 2-12-12 W1
83575	Nov. 5, 1956	Nov. 22, 1956	991	NW $\frac{1}{4}$ 32-11-11 W1
83502	Aug. 30, 1956	Nov. 10, 1956	997	W $\frac{1}{2}$ of
				SW $\frac{1}{4}$ 24-10- 5 W1
83493	Oct. 30, 1956	Nov. 9, 1956	995	NE $\frac{1}{4}$ 16-10- 4 W1
83366	Oct. 1, 1956	Oct. 19, 1956	997	S $\frac{1}{2}$ 25-10- 6 W1
83367	Aug. 22, 1956	Oct. 19, 1956	995	W $\frac{1}{2}$ of
				SE $\frac{1}{4}$ 19-10- 4 W1
83173	Sept. 6, 1956	Sept. 19, 1956	995	SW $\frac{1}{4}$ 11-10- 3 W1
83177	Sept. 10, 1956	Sept. 19, 1956	991	SE $\frac{1}{4}$ 9-12-12 W1
83178	Sept. 10, 1956	Sept. 19, 1956	991	S $\frac{1}{2}$ 34-11-11 W1
83276	Sept. 12, 1956	Oct. 2, 1956	990	SE $\frac{1}{4}$ 25-11-10 W1
83280	Sept. 12, 1956	Oct. 2, 1956	988	SW $\frac{1}{4}$ 20-11- 9 W1
83180	Sept. 8, 1956	Sept. 19, 1956	988	S $\frac{1}{2}$ of
				NW $\frac{1}{4}$ 14-11- 9 W1
83266	Sept. 13, 1956	Oct. 2, 1956	995	W $\frac{1}{2}$ of SE $\frac{1}{4}$ and
				W $\frac{1}{2}$ of S $\frac{1}{2}$ of
				NE $\frac{1}{4}$ 14-10- 4 W1

Registration No.	Date of Grant	Date of Registration	Plan No.	Description	
83259	Sept. 20, 1956	Oct. 2, 1956	995	NW $\frac{1}{4}$ and N $\frac{1}{2}$ of NE $\frac{1}{4}$	10-10- 3 W1
83587	June 9, 1956	Nov. 26, 1956	996	NW $\frac{1}{4}$	4-11- 7 W1
83542	Nov. 9, 1956	Nov. 17, 1956	995	SW $\frac{1}{4}$	10-10- 3 W1
83270	Sept. 21, 1956	Oct. 2, 1956	997	NE $\frac{1}{4}$	22-10- 5 W1
				N $\frac{1}{2}$ of NW $\frac{1}{4}$	22-10- 5 W1
83298	Sept. 14, 1956	Oct. 6, 1956	997	S $\frac{1}{2}$ of NW $\frac{1}{4}$	22-10- 5 W1
83275	Sept. 13, 1956	Oct. 2, 1956	988	NW $\frac{1}{4}$	20-11- 9 W1
83318	Oct. 4, 1956	Oct. 10, 1956	995	LSD 1	19-10- 4 W1
83492	Aug. 16, 1956	Nov. 9, 1956	996	SW $\frac{1}{4}$	12-11- 8 W1
83138	Sept. 6, 1956	Sept. 12, 1956	997	NE $\frac{1}{4}$	28-10- 6 W1
83110	Aug. 30, 1956	Sept. 10, 1956	997	S $\frac{1}{2}$ of NE $\frac{1}{4}$	27-10- 6 W1
83111	Aug. 28, 1956	Sept. 10, 1956	997	NE $\frac{1}{4}$	26-10- 6 W1
83112	Aug. 28, 1956	Sept. 10, 1956	997	SE $\frac{1}{4}$	26-10- 6 W1
83709	Dec. 14, 1956	Dec. 27, 1956	990	SW $\frac{1}{4}$	28-11-10 W1
83833	Sept. 11, 1956	Jan. 25, 1957	991	NE $\frac{1}{4}$	3-12-12 W1
83046	Aug. 14, 1956	Aug. 30, 1956	988	S $\frac{1}{2}$ of NE $\frac{1}{4}$	19-11- 9 W1
				and S $\frac{1}{2}$ of NW $\frac{1}{4}$	19-11- 9 W1
83527	Oct. 25, 1956	Nov. 14, 1956	995	SE $\frac{1}{4}$	20-10- 4 W1
				N $\frac{1}{2}$ of NE $\frac{1}{4}$	17-10- 4 W1

4. THE WINNIPEG LAND TITLES OR LAND REGISTRATION DISTRICT, MANITOBA

(a) Lands under The Registry Act:

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
		NONE		

(b) Lands under The Real Property Act:

Registration No.	Date of Grant	Date of Registration	Plan No.	Description	
C 43594	Aug. 23, 1956	Sept. 11, 1956	6056	N $\frac{1}{2}$ of NW $\frac{1}{4}$	6-10- 2 W1
C 43599	Aug. 29, 1956	Sept. 11, 1956	6056	NW $\frac{1}{4}$ and part NE $\frac{1}{4}$	4-10- 2 W1
C 43595	Sept. 1, 1956	Sept. 11, 1956	6056	SW $\frac{1}{4}$	33- 9- 1 W1
C 43598	Sept. 4, 1956	Sept. 11, 1956	6056	SW $\frac{1}{4}$	35- 9- 1 W1

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
C 43593	Aug. 28, 1956	Sept. 11, 1956	6089	SE $\frac{1}{4}$ 27- 9- 1 E1
C 43596	Aug. 29, 1956	Sept. 11, 1956	6089	NE $\frac{1}{4}$ 19- 9- 2 E1
C 43597	Aug. 29, 1956	Sept. 11, 1956	6089	SW $\frac{1}{4}$ 20- 9- 2 E1
C 46846	Sept. 27, 1956	Oct. 3, 1956	6056	SW $\frac{1}{4}$ 1-10- 2 W1
C 46847	Sept. 27, 1956	Oct. 3, 1956	6056	SE $\frac{1}{4}$ 1-10- 2 W1
C 46589	Sept. 17, 1956	Oct. 2, 1956	6056	N $\frac{1}{2}$ of NE $\frac{1}{4}$ 26- 9- 1 W1
C 46587	Sept. 7, 1956	Oct. 2, 1956	6089	SW $\frac{1}{4}$ & S $\frac{1}{2}$ of NW $\frac{1}{4}$ 19- 9- 2 E1
C 46590	Sept. 21, 1956	Oct. 2, 1956	6089	SE $\frac{1}{4}$ 20- 9- 2 E1
C 46591	Sept. 6, 1956	Oct. 2, 1956	6089	SW $\frac{1}{4}$ & W $\frac{1}{2}$ of SE $\frac{1}{4}$ 23- 9- 2 E1
C 43412	Aug. 22, 1956	Sept. 10, 1956	6056	SW $\frac{1}{4}$ 34- 9- 1 W1
C 46848	Sept. 27, 1956	Oct. 3, 1956	6056	NE $\frac{1}{4}$ 25- 9- 1 W1
C 44399	Sept. 4, 1956	Sept. 17, 1956	6089	SW $\frac{1}{4}$ 22- 9- 2 E1
C 44398	Sept. 6, 1956	Sept. 17, 1956	6056	SE $\frac{1}{4}$ 34- 9- 1 W1
C 47226	Sept. 7, 1956	Oct. 5, 1956	6089	NE $\frac{1}{4}$ & N $\frac{1}{2}$ of SE $\frac{1}{4}$ 21- 9- 2 E1
C 47650	Sept. 21, 1956	Oct. 10, 1956	6056	NW $\frac{1}{4}$ 32- 9- 1 W1
C 44397	Sept. 4, 1956	Sept. 17, 1956	6089	S $\frac{1}{2}$ of SE $\frac{1}{4}$ 21- 9- 2 E1
C 47652	Sept. 27, 1956	Oct. 10, 1956	6056	NE $\frac{1}{4}$ 36- 9- 2 W1
C 47651	Oct. 2, 1956	Oct. 10, 1956	6089	SE $\frac{1}{4}$, S $\frac{1}{2}$ of the NE $\frac{1}{4}$, NW $\frac{1}{4}$, and N $\frac{1}{2}$ of SW $\frac{1}{4}$ 30- 9- 1 E1
C 44971	Sept. 11, 1956	Sept. 20, 1956	6089	SW $\frac{1}{4}$ 29- 9- 1 E1
C 49063	Oct. 16, 1956	Oct. 20, 1956	6089	E $\frac{1}{2}$ of NE $\frac{1}{4}$ 23- 9- 1 E1
C 46849	Aug. 28, 1956	Oct. 3, 1956	6089	SW $\frac{1}{4}$ and SE $\frac{1}{4}$ 26- 9- 1 E1
C 46588	Sept. 10, 1956	Oct. 2, 1956	6056	W $\frac{1}{2}$ of W $\frac{1}{2}$ 2-10- 2 W1
C 49064	Oct. 16, 1956	Oct. 20, 1956	6089	SW $\frac{1}{4}$ 27- 9- 1 E1
				N $\frac{1}{2}$ of NW $\frac{1}{4}$ 22- 9- 1 E1
				N $\frac{1}{2}$ of NE $\frac{1}{4}$ 21- 9- 1 E1
C 49063 $\frac{1}{2}$	Oct. 16, 1956	Oct. 20, 1956	6089	W $\frac{1}{2}$ of NE $\frac{1}{4}$ 23- 9- 1 E1
C 44970	Sept. 10, 1956	Sept. 20, 1956	6056	SE $\frac{1}{4}$ & E $\frac{1}{2}$ of SW $\frac{1}{4}$ 2-10- 2 W1
C 44972	Sept. 10, 1956	Sept. 20, 1956	6056	NW $\frac{1}{4}$ 31- 9- 1 W1
				NE $\frac{1}{4}$ 31- 9- 1 W1

Registration No.	Date of Grant	Date of Registration	Plan No.	Description
C 53030	Nov. 19, 1956	Nov. 21, 1956	6056	NW $\frac{1}{4}$ 33- 9- 1 W1
C 45355	Sept. 12, 1956	Sept. 24, 1956	6089	N $\frac{1}{2}$ 24- 9- 1 E1
C 53029	Aug. 29, 1956	Nov. 21, 1956	6089	W $\frac{1}{2}$ of NW $\frac{1}{4}$ 20- 9- 2 E1
C 53073	Nov. 19, 1956	Nov. 21, 1956	6056	NE $\frac{1}{4}$ and N $\frac{1}{2}$ of SE $\frac{1}{4}$ 5-10- 2 W1
C 46850	Sept. 27, 1956	Oct. 3, 1956	6056	SE $\frac{1}{4}$ 3-10- 2 W1
C 55688	Dec. 12, 1956	Dec. 14, 1956	6056	Fr E $\frac{1}{2}$ 4-10- 2 W1
C 57825	Dec. 19, 1956	Jan. 10, 1957	6056	Fr E $\frac{1}{2}$ 4-10- 2 W1
C 51551	Sept. 21, 1956	Nov. 8, 1956	6056	NW $\frac{1}{4}$ 26- 9- 1 W1
C 57190	Nov. 29, 1956	Jan. 2, 1957	6089	N $\frac{1}{2}$ and SE $\frac{1}{4}$ 29- 9- 1 E1
C 57607	Dec. 13, 1956	Jan. 7, 1957	6056	Fr NW $\frac{1}{4}$ 3-10- 2 W1
C 54259	Sept. 6, 1956	Dec. 1, 1956	6089	SW $\frac{1}{4}$ 28- 9- 1 E1
				N $\frac{1}{2}$ of NW $\frac{1}{4}$ 21- 9- 1 E1
C 47228	Sept. 4, 1956	Oct. 5, 1956	6089	Fr. SW $\frac{1}{4}$ 22- 9- 2 E1
				E $\frac{1}{2}$ 22- 9- 2 E1
C 47227	Sept. 4, 1956	Oct. 5, 1956	6056	N $\frac{1}{2}$ of NE $\frac{1}{4}$ 32- 9- 1 W1
				LSD 10 32- 9- 1 W1
				LSD 9 32- 9- 1 W1
C 58501	Oct. 16, 1956	Jan. 17, 1957	6089	S $\frac{1}{2}$'s LSD 5&6 21- 9- 2 E1
C 54258	Nov. 26, 1956	Dec. 1, 1956	6089	SE $\frac{1}{4}$ & E $\frac{1}{2}$ of NE $\frac{1}{4}$ 28- 9- 1 E1

PART TWO. CONTRACTS.

(i) The following contracts between the Company and producers of natural gas in Alberta, as amended or supplemented as indicated below, providing for the delivery to and purchase by the Company of natural gas:

Gas Purchase Contract, dated December 19, 1955, between the Company and Bailey Selburn Oil & Gas Ltd., Selbay Exploration Ltd., Pathfinder Petroleums Limited, Highwood Development Limited and Alberta Pacific Consolidated Oils Limited relating to the Bindloss Field;

Amending Agreement, dated December 11, 1956, between the Company and Bailey Selburn Oil & Gas Ltd., Selbay Exploration Ltd., Medallion Petroleums Limited (formerly Pathfinder Petroleums Limited), Highwood Development Limited and Alberta Pacific Consolidated Oils Limited.

Gas Purchase Contract, dated January 2, 1957, between the Company and The California Standard Company relating to the Nevis Gas Field.

Gas Purchase Contract, dated January 11, 1957, between the Company and The California Standard Company relating to the Provost Gas Field.

Gas Purchase Contract, dated January 2, 1957, between the Company and The California Standard Company relating to the Homeglen-Rimbey Gas Field.

Gas Purchase Contract, dated January 2, 1957, between the Company and The California Standard Company relating to the Gilby Gas Field.

Gas Purchase Contract, dated January 2, 1957, between the Company and The California Standard Company relating to the Princess Gas Field.

Gas Purchase Contract, dated January 6, 1956, between the Company and Calvin Consolidated Oil & Gas Company Limited relating to the Provost Gas Field;

Amending Agreement, dated January 4, 1957, between the Company and Calvin Consolidated Oil & Gas Company Limited.

Gas Purchase Contract, dated December 1, 1955, between the Company and Canadian Delhi Oil Ltd., relating to the Provost Gas Field;

Amending Agreement, dated December 8, 1956, between the Company and Canadian Delhi Oil Ltd.

Gas Purchase Contract, dated December 2, 1955, between the Company and Canadian Delhi Oil Ltd. relating to the Cessford Gas Field;

Amending Agreement, dated December 8, 1956, between the Company and Canadian Delhi Oil Ltd.

Gas Purchase Contract, dated November 23, 1955, between the Company and Canadian Export Gas Ltd., Great Sweet Grass Oils Limited, West Maygill Gas and Oil Limited and Western Petroleum Leases Limited relating to the Cessford Gas Field;

Amending Agreement, dated January 11, 1957, between the Company and Canadian Export Gas Ltd., Great Sweet Grass Oils Limited, West Maygill Gas and Oil Limited and Georgia Leaseholds Limited (formerly Western Petroleum Leases Limited).

Gas Purchase Contract, dated January 10, 1956, between the Company and Canadian Export Gas Ltd., Chamberlain Oil & Gas Ltd., Alminex Limited, Cabanga Developments Limited, Ranvik Oils Limited, and Royal Canadian Oils Limited (assigned by Royal Canadian Oils Limited to New Chamberlain Petroleum Ltd. on October 10, 1956) relating to the Bindloss Field;

Amending Agreement, dated January 15, 1957, between the Company and Canadian Export Gas Ltd.

Amending Agreement, dated January 15, 1957, between the Company and Alminex Limited.

Amending Agreement, dated January 15, 1957, between the Company and New Chamberlain Petroleums Ltd. (formerly Chamberlain Oil & Gas Ltd.).

Amending Agreement, dated January 15, 1957, between the Company and Ranvik Oils Limited.

Amending Agreement, dated January 15, 1957, between the Company and Cabanga Developments Limited.

Gas Purchase Contract, dated February 15, 1956, between the Company and Canadian Export Gas Ltd., Chamberlain Oil & Gas Ltd., Great Sweet Grass Oils Limited, Greta Petroleums, Limited, High Crest Oils Limited, Home Oil Company Limited, Alminex Limited, Cabanga Developments Limited, Consolidated Dragon Oils Limited, Trend Petroleums Limited, Ranvik Oils Limited, Siscoe Gold Mines Limited, Royal Canadian Oils Limited (assigned by Royal Canadian Oils Limited to New Chamberlain Petroleums Ltd. on October 10, 1956) and Raymond I. Smith & Son relating to the Atlee-Buffalo Field;

Amending Agreement, dated February 5, 1957, between the Company and High Crest Oils Limited.

Amending Agreement, dated February 6, 1957, between the Company and Great Sweet Grass Oils Limited.

Amending Agreement, dated December 11, 1956, between the Company and Canadian Export Gas Ltd.

Amending Agreement, dated January 23, 1957, between the Company and Home Oil Company Limited.

Amending Agreement, dated February 6, 1957, between the Company and Consolidated Dragon Oils Limited.

Amending Agreement, dated January 7, 1957, between the Company and Raymond I. Smith & Son.

Amending Agreement, dated December 17, 1956, between the Company and Alminex Limited.

Amending Agreement, dated December 17, 1956, between the Company and Siscoe Mines Limited (formerly Siscoe Gold Mines Limited).

- Amending Agreement, dated February 6, 1957, between the Company and Trend Petroleums Limited.
- Amending Agreement, dated February 6, 1957, between the Company and Greta Petroleums, Limited.
- Amending Agreement, dated December 7, 1956, between the Company and New Chamberlain Petroleums Ltd. (formerly Chamberlain Oil & Gas Ltd.).
- Amending Agreement, dated December 17, 1956, between the Company and Ranvik Oils Limited.
- Amending Agreement, dated December 17, 1956, between the Company and Cabanga Developments Limited.
- Gas Purchase Contract, dated January 18, 1957, between the Company and Canadian Superior Oil of California Ltd. relating to the Nevis Gas Field.
- Gas Purchase Contract, dated January 18, 1957, between the Company and Canadian Superior Oil of California Ltd. relating to the Gilby Gas Field.
- Gas Purchase Contract, dated November 22, 1955, between the Company and Dome Exploration (Western) Limited and assigned to Provo Gas Producers Limited on May 31, 1956 relating to the Provost Gas Field;
 - Amending Agreement, dated December 31, 1956, between the Company and Provo Gas Producers Limited.
- Gas Purchase Contract, dated January 18, 1957, between the Company and Home Oil Company Limited, relating to the Nevis Gas Field.
- Gas Purchase Contract, dated December 21, 1955, between the Company and Hudson's Bay Oil and Gas Company Limited relating to the Provost Gas Field;
 - Amending Agreement, dated December 7, 1956, between the Company and Hudson's Bay Oil and Gas Company Limited.
- Gas Purchase Contract, dated January 14, 1957, between the Company and Hudson's Bay Oil and Gas Company Limited relating to the Homeglen-Rimbey Gas Field.

Gas Purchase Contract, dated January 14, 1957, between the Company and Hudson's Bay Oil and Gas Company Limited relating to the Gilby Gas Field.

Gas Purchase Contract, dated January 14, 1957, between the Company and Hudson's Bay Oil and Gas Company Limited relating to the Nevis Gas Field.

Gas Purchase Contract, dated December 2, 1955, between the Company and Hudson's Bay Oil and Gas Company Limited relating to the Cessford Gas Field;

Amending Agreement, dated December 7, 1956, between the Company and Hudson's Bay Oil and Gas Company Limited.

Gas Purchase Contract, dated February 2, 1956, between the Company and Hudson's Bay Oil and Gas Company Limited relating to the Oyen Gas Field;

Amending Agreement, dated December 7, 1956, between the Company and Hudson's Bay Oil and Gas Company Limited.

Gas Purchase Contract, dated December 12, 1955, between the Company and Imperial Oil Limited and assigned to Provo Gas Producers Limited on February 9, 1956 relating to the Provost Field;

Amending Agreement, dated December 31, 1956, between the Company and Provo Gas Producers Limited.

Gas Purchase Contract, dated January 5, 1956, between the Company and Merrill Petroleums Limited relating to the Provost Gas Field;

Amending Agreement, dated December 31, 1956, between the Company and Merrill Petroleums Limited.

Gas Purchase Contract, dated January 21, 1957, between the Company and New Superior Oils of Canada Limited relating to the Nevis Gas Field.

Gas Purchase Contract, dated February 1, 1956, between the Company and Sun Oil Company, Royalite Oil Company, Limited, Canso Natural Gas Ltd., and Act Oils Limited relating to the Sibbald Gas Field;

Amending Agreement, dated January 22, 1957, between the Company and Sun Oil Company, Royalite Oil Company, Limited, Canso Natural Gas Ltd., and Act Oils Limited.

Gas Purchase Contract, dated January 20, 1957, between the Company and Amurex Oil Company relating to the Homeglen-Rimbey Gas Field.

Gas Purchase Contract, dated February 6, 1957, between the Company and The British American Oil Company Limited relating to the Gilby Gas Field.

Gas Purchase Contract, dated February 6, 1957, between the Company and The British American Oil Company Limited relating to the Homeglen-Rimbey Gas Field.

Gas Purchase Contract, dated January 18, 1957, between the Company and The British American Oil Company Limited relating to the Nevis Gas Field.

Gas Purchase Contract, dated January 18, 1957, between the Company and The British American Oil Company Limited relating to the Pincher Creek Gas Field.

Gas Purchase Contract, dated January 23, 1957, between the Company and Canadian Delhi Oil Ltd. relating to the Countess-Duchess Gas Field.

Gas Purchase Contract, dated February 6, 1957, between the Company and Canadian Oil Companies, Limited relating to the Homeglen-Rimbey Gas Field.

Gas Purchase Contract, dated February 6, 1957, between the Company and Canadian Pipelines & Petroleums Ltd. relating to the Gilby Gas Field.

Gas Purchase Contract, dated February 4, 1957, between the Company and Canadian Pipelines & Petroleums Ltd. relating to the Nevis Gas Field.

Gas Purchase Contract, dated February 6, 1957, between the Company and Canadian Seaboard Oil Company relating to the Gilby Gas Field.

- Gas Purchase Contract, dated February 6, 1957, between the Company and Honolulu Oil Corporation relating to the Gilby Gas Field.
- Gas Purchase Contract, dated February 6, 1957, between the Company and Hudson's Bay Oil and Gas Company Limited relating to the Kessler Gas Field.
- Gas Purchase Contract, dated January 30, 1957, between the Company and Imperial Oil Limited relating to the Homeglen-Rimbey Gas Field.
- Gas Purchase Contract, dated January 30, 1957, between the Company and Imperial Oil Limited relating to the Nevis Gas Field.
- Gas Purchase Contract, dated February 6, 1957, between the Company and Merrill Petroleums Limited relating to the Gilby Gas Field.
- Gas Purchase Contract, dated February 6, 1957, between the Company and Mill City Petroleums Limited, Great Sweet Grass Oils Limited, Kroy Oils Limited, Scandia Drilling Co. Ltd. and American Leduc Petroleums Ltd. relating to the Kessler Gas Field.
- Gas Purchase Contract, dated January 25, 1957, between the Company and Sun Oil Company, Merrill Petroleums Limited and Canadian Export Gas Ltd. relating to the Countess-Duchess Gas Field.
- Gas Purchase Contract, dated January 23, 1957, between the Company and Sun Oil Company and Raymond I. Smith & Son relating to the Countess-Duchess Gas Field.
- Gas Purchase Contract, dated January 23, 1957, between the Company and Sun Oil Company and Canadian Delhi Oil Ltd. relating to the Countess-Duchess Gas Field.
- Gas Purchase Contract, dated January 28, 1957, between the Company and Sun Oil Company relating to the Nevis Gas Field.

Gas Purchase Contract, dated January 29, 1957, between the Company and Western Decalta Petroleum Limited, West Canadian Petroleums, Ltd. and Tennessee Gas Transmission Company relating to the Homeglen-Rimbey Gas Field.

Precedent Agreement, dated April 13, 1955, between the Company and Tennessee Gas Transmission Company;

Amending Agreements, dated August 11, 1955, October 4, 1955, December 6, 1955, February 29, 1956, March 13, 1956 and October 17, 1956, between the Company and Tennessee Gas Transmission Company.

(ii) The following contracts between the Company and purchasers of natural gas, providing for the sale and delivery of natural gas by the Company to such purchasers:

Gas Sales Contract, dated October 5, 1956, between the Company and The Consumers' Gas Company of Toronto.

Agreement, dated December 9, 1955, between the Company and Niagara Gas Transmission Limited, Western Pipe Lines and The Consumers' Gas Company of Toronto;

Amending Agreement, dated July 6, 1956, between the Company and Niagara Gas Transmission Limited, Western Pipe Lines and The Consumers' Gas Company of Toronto.

Precedent Agreement, dated August 11, 1955, between the Company and Tennessee Gas Transmission Company and assigned to Midwestern Gas Transmission Company on October 3, 1955;

Amending Agreement, dated March 9, 1956, between the Company and Tennessee Gas Transmission Company and Midwestern Gas Transmission Company.

Amending Agreement, dated July 19, 1956, between the Company and Tennessee Gas Transmission Company and Midwestern Gas Transmission Company.

Amending Agreement, dated February 6, 1957, between the Company and Tennessee Gas Transmission Company and Midwestern Gas Transmission Company.

- Gas Sales Contract, dated January 18, 1955, between the Company and Union Gas Company of Canada, Limited;
- Amending Agreement, dated February 24, 1955, between the Company and Union Gas Company of Canada, Limited.
- Amending Agreement, dated April 25, 1955, between the Company and Union Gas Company of Canada, Limited.
- Amending Agreement, dated October 31, 1955, between the Company and Union Gas Company of Canada, Limited.
- Amending Agreement, dated March 13, 1956, between the Company and Union Gas Company of Canada, Limited.
- Amending Agreement, dated June 5, 1956, between the Company and Union Gas Company of Canada, Limited.
- Gas Sales Contract, dated May 12, 1955, between the Company and Winnipeg & Central Gas Company;
- Amending Agreement, dated October 11, 1955, between the Company and Winnipeg & Central Gas Company.
- Amending Agreement, dated January 25, 1956, between the Company and Winnipeg & Central Gas Company.
- Amending Agreement, dated April 19, 1956, between the Company and Winnipeg & Central Gas Company.
- Amending Agreement, dated January 28, 1957, between the Company and Winnipeg & Central Gas Company.
- Amending Agreement, dated January 31, 1957, between the Company and Winnipeg & Central Gas Company.
- Gas Sales Contract, dated November 26, 1956, between the Company and Inter-City Gas Limited.
- Gas Sales Contract, dated January 24, 1957, between the Company and Northern Ontario Natural Gas Company Limited relating to the Western Rate Zone.
- Gas Sales Contract, dated January 24, 1957, between the Company and Northern Ontario Natural Gas Company Limited relating to the Northern Rate Zone.

Gas Sales Contract, dated January 24, 1957, between the Company and Northern Ontario Natural Gas Company Limited relating to the Central Rate Zone.

Gas Sales Contract, dated February 6, 1957, between the Company and Quebec Natural Gas Corporation—Corporation de Gaz Naturel du Quebec.

(iii) The following other contracts of the Company:

Agreement, dated November 21, 1955, between Her Majesty the Queen in right of Canada and the Company;

Amending Agreements, dated April 26, 1956, May 8, 1956, October 29, 1956 and November 29, 1956, between Her Majesty the Queen in right of Canada and the Company.

Agreement, dated January 30, 1957, between Her Majesty the Queen in right of Canada, the Company and Northern Ontario Pipe Line Crown Corporation.

Agreement, dated February 8, 1957, between the Company and Northern Ontario Pipe Line Crown Corporation.

Transportation Contract, dated January 29, 1957, between the Company and The Alberta Gas Trunk Line Company Limited.

PART THREE. Securities

A. SHARES OF TRUNK LINE

Eight Hundred (800) Class A common shares of the par value of five dollars each of the capital stock of The Alberta Gas Trunk Line Company Limited.

B. SHARES OF WESTERN PIPE LINES

Six (6) shares without nominal or par value (including five (5) directors' qualifying shares) of the capital stock of Western Pipe Lines.

CANADA	}	IN THE MATTER of a Deed of Trust and Mortgage dated as of January 1, 1957, and made between Trans-Canada Pipe Lines Limited and National Trust Company, Limited.
PROVINCE OF ONTARIO		
To WIT:		

I, ROBERT CHARLES BERRY, of the City of Toronto, in the Province of Ontario, Chartered Accountant, MAKE OATH AND SAY:

1. That I am an officer holding the office of Treasurer of Trans-Canada Pipe Lines Limited, the mortgagor or assignor named in the annexed instrument containing a mortgage, charge or assignment made by Trans-Canada Pipe Lines Limited (hereinafter called the "Company") to National Trust Company, Limited, and am aware of the circumstances connected with the transaction and have a personal knowledge of the facts herein deposed to.

2. That ALBERT PERRINE CRAIG, whose signature is affixed to the said instrument is the Vice-President of the Company and NOEL JOHN McNEILL, whose signature is also affixed thereto is the Secretary thereof, and the seal affixed to the said instrument is the corporate seal of the Company.

3. That under the By-laws of the Company the said Vice-President and Secretary of the Company are empowered to execute on behalf of the Company all deeds and other instruments requiring the seal of the Company.

4. That I know and am well acquainted with the said ALBERT PERRINE CRAIG and NOEL JOHN McNEILL and saw them execute the said instrument and saw the corporate seal of the Company thereto affixed and I am a subscribing witness to the execution of the said instrument.

5. That the name "R. C. BERRY" set and subscribed as a witness to the execution of the Indenture by the Company is of the proper handwriting of me this deponent.

6. That the said instrument was executed by the Company at the City of Toronto, in the Province of Ontario, on the 20th day of February, 1957.

SWORN BEFORE ME at the
City of Toronto in the
Province of Ontario this
20th day of February,
A. D. 1957.

R. C. BERRY

R. A. F. SUTHERLAND
A Notary Public in and for
the Province of Ontario.

[NOTARIAL SEAL]

CANADA	}	IN THE MATTER of a Deed of Trust and Mortgage dated as of January 1, 1957, and made between Trans-Canada Pipe Lines Limited and National Trust Company, Limited.
PROVINCE OF ONTARIO		
To wit:		

I, WILLIAM WESTON TARVER, of the City of Toronto, in the Province of Ontario, Trust Officer, MAKE OATH AND SAY:

1. That I am a Trust Officer of National Trust Company, Limited, Trustee for the Bondholders referred to in the annexed Deed of Trust and Mortgage, and am aware of the circumstances connected with the said Deed of Trust and Mortgage and the transaction represented thereby and have a personal knowledge of the facts herein deposed to.

2. That WINSLOW BENSON, whose signature is affixed to the said Deed of Trust and Mortgage, is the Manager of the Corporate Trust Department of National Trust Company, Limited, and GEORGE DAVID FORSYTH, whose signature is also affixed to the said Deed of Trust and Mortgage, is the Assistant Secretary-Treasurer of National Trust Company, Limited, and the seal affixed to the said Deed of Trust and Mortgage is the corporate seal of National Trust Company, Limited.

3. That I know and am well acquainted with the said WINSLOW BENSON and GEORGE DAVID FORSYTH and was personally present and did see them severally execute the said Deed of Trust and Mortgage and affix thereto the corporate seal of National Trust Company, Limited, one of the parties thereto.

4. That under the By-laws of the said National Trust Company, Limited, the said Manager of the Corporate Trust Department and Assistant Secretary-Treasurer are empowered to execute on behalf of National Trust Company, Limited, all deeds and other instruments requiring the Seal of the said National Trust Company, Limited.

5. That the name "W. W. TARVER" set and subscribed as a witness to the execution of the said Deed of Trust and Mortgage by National Trust Company, Limited, is of the proper handwriting of me this deponent.

6. That the said Deed of Trust and Mortgage was executed by National Trust Company, Limited, at the City of Toronto, in the Province of Ontario, on the 21st day of February, 1957.

SWORN BEFORE ME at the
City of Toronto in the
Province of Ontario
this 21st day of February,
A.D. 1957.

W. W. TARVER

R. A. F. SUTHERLAND
A Notary Public in and for
the Province of Ontario.

[NOTARIAL SEAL]

CANADA PROVINCE OF ONTARIO To WIT:	}	IN THE MATTER OF a Deed of Trust and Mortgage dated as of January 1, 1957, and made between Trans-Canada Pipe Lines Limited and National Trust Company, Limited.
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I, WILLIAM WESTON TARVER, of the City of Toronto, in the Province of Ontario, Trust Officer, MAKE OATH AND SAY:

1. That I am a Trust Officer of National Trust Company, Limited, Trustee for the Bondholders referred to in the annexed Deed of Trust and Mortgage, and am aware of the circumstances connected with the said Deed of Trust and Mortgage and the transaction represented thereby and have a personal knowledge of the facts herein deposed to.

2. That the said Deed of Trust and Mortgage was executed in good faith and for the purpose of securing payment of the Bonds referred to therein and not for the mere purpose of protecting the chattels or book debts therein mentioned against the creditors of Trans-Canada Pipe Lines Limited, the Mortgagor and Assignor therein named, or preventing such creditors from obtaining payment of any claim against Trans-Canada Pipe Lines Limited.

SWORN BEFORE ME at the
City of Toronto in the
Province of Ontario this
21st day of February,
A. D. 1957.

W. W. TARVER

R. C. MEECH
A Notary Public in and for
the Province of Ontario.

[NOTARIAL SEAL]

Trans-Canada Pipe Lines Limited

Bank Credit Agreement

Dated as of February 11, 1957

WITH

THE FIRST NATIONAL CITY BANK OF NEW YORK
MELLON NATIONAL BANK AND TRUST COMPANY
J. P. MORGAN & CO. INCORPORATED

BANK CREDIT AGREEMENT

THIS AGREEMENT, dated as of February 11, 1957, between TRANS-CANADA PIPE LINES LIMITED, a corporation duly incorporated by Special Act of the Parliament of Canada, having its head office in the City of Calgary in the Province of Alberta, Canada (herein called the "Company"), party of the first part, and the several banking institutions named in Section 1.1 hereof (herein collectively called the "Banks"), parties of the second part;

WITNESSETH:

WHEREAS, the Company has commenced construction of a natural gas pipe line system as more fully described in the report of Commonwealth Services Inc., dated September, 1956 entitled "Trans-Canada Pipe Lines Limited—Report on Economic Feasibility of Proposed Natural Gas Pipe Line Project" and all supplements thereto to the date of this Bank Credit Agreement, as furnished to the Banks prior to the execution hereof, at an aggregate estimated cost subsequent to June 7, 1956 of approximately Can. \$228,100,000 (exclusive of any allowance for contingencies); and

WHEREAS, the Company, in connection with such construction, proposes (a) to sell approximately \$23,010,000 (Canadian) aggregate principal amount of First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978, and approximately \$80,990,000 (United States) aggregate principal amount of First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978, and (b) to sell sufficient units of Subordinated Debentures due 1987 (herein called "Subordinated Debentures") and common shares (herein called the "Common Shares") to realize net cash proceeds (before expenses but after underwriting discounts and commissions) of not less than \$105,000,000, computed in Canadian funds by converting United States into Canadian funds on the basis of \$1.04 of United States funds being equivalent to \$1.00 of Canadian funds; and

WHEREAS, the Company desires to borrow from the Banks and the Banks are willing to lend to the Company the sum of \$20,000,000 upon the terms and conditions herein set forth:

NOW, THEREFORE, IT IS AGREED:

SECTION 1. *Amount and Terms of Credit.*

1.1 Each Bank agrees to lend to the Company, from time to time on or before December 31, 1958, the amount set opposite such Bank's name below (herein called its "commitment"):

Name of Bank	Amount of Commitment
The First National City Bank of New York, 55 Wall Street, New York 15, N. Y.....	\$10,000,000
Mellon National Bank and Trust Company, Mellon Square, Pittsburgh 30, Pennsylvania.....	7,000,000
J. P. Morgan & Co. Incorporated, 23 Wall Street, New York 8, N. Y.....	3,000,000
Total Commitments	\$20,000,000

1.2 Borrowings hereunder shall be made pro rata from the Banks in proportion to their respective commitments and shall be evidenced by notes substantially in the form of Exhibit 1 annexed hereto with blanks appropriately filled (herein collectively called the "Notes" and individually called a "Note"), maturing on March 1, 1962.

Borrowings hereunder shall be made upon not less than 10 days' prior written notice to each Bank (with copies of such notices furnished to The First National City Bank of New York) and simultaneously with each sale by the Company of its United States Series First Mortgage Pipe Line Bonds pursuant to the Bond Purchase Agreements (each in the form hereto annexed as Exhibit 3) entered into by the Company with the Purchasers listed in Schedule A of said Exhibit 3, and the amount of each borrowing shall bear the same relation to \$20,000,000 as the principal amount of United States Series First Mortgage Pipe Line Bonds then being sold bears to \$80,990,000.

1.3 The Notes shall bear interest at the rate of 5¼% per annum payable semi-annually on the first day of April and October of each year, and at the time of any prepayment on the amount prepaid. Any

principal installments not paid when due shall thereafter bear interest at the rate of 6% per annum.

1.4 Each Bank shall make available, at the office of The First National City Bank of New York, 55 Wall Street, New York, New York, not later than 10 A. M. New York City time on the date specified for each borrowing hereunder, the amount to be advanced by it in funds current at the New York Clearing House, and hereby authorizes The First National City Bank of New York to pay the same for the account of such Bank to or upon the order of the Company against the delivery of the related Note.

1.5 All payments of principal, premiums thereon, interest and commitment commission hereunder shall be made to the Banks by payment to The First National City Bank of New York, as Agent for the Banks, and shall be divided among the Banks so that, at all times, each Bank's share of such payments shall be in proportion to its commitment hereunder.

SECTION 2. *Commitment Commission.*

The Company agrees to pay a commission at the rate of $\frac{1}{2}$ of 1% per annum on the average daily unused portion of the commitment of each Bank hereunder calculated from January 1, 1957, such commission to be paid on the first day of April and October in each year, commencing October 1, 1957, and at the expiration or termination of such commitment. At any time or from time to time, upon 10 days' prior written notice to The First National City Bank of New York, the Company, without premium or penalty, may permanently reduce proportionately (by an amount which is an integral multiple of \$1,000,000) or terminate the Banks' commitments hereunder.

SECTION 3. *Optional Prepayments.*

3.1 At any time or from time to time, upon 30 days' prior written notice to The First National City Bank of New York, the Company may, at its option, without premium or penalty, prepay all of the Notes or any part of all of the Notes pro rata; *provided, however*, that to the extent the Company shall make any such prepayment directly or indirectly involving, or in anticipation of, borrowings by the Company

or any affiliate of the Company from banks other than the Banks, each such prepayment shall be accompanied by a premium on the amount prepaid computed at the rate of 1% per annum for the period from the date of prepayment to March 1, 1962.

3.2 Each prepayment under Section 3.1 of this Bank Credit Agreement (other than prepayment of the entire final balance of the Notes) shall be in the amount of \$1,000,000 or an integral multiple thereof.

3.3 If any moneys for the payment of principal of or interest on the Notes are received by any of the Banks from, or for the account of, the Company otherwise than in the ordinary course or as specifically provided in Paragraph 3 of the pledge agreement referred to in Section 4.9.2 hereof, such moneys shall be applied as follows: *first* to the interest then due upon the Notes, *second* to the principal then due upon the Notes, and *third* to the prepayment of the Notes, without premium.

SECTION 4. *Conditions Precedent.*

The Banks shall not be obligated to make any loan to the Company hereunder unless:

4.1 The Company shall be in compliance with all of the terms, covenants and conditions of this Bank Credit Agreement which are binding upon it.

4.2 No event shall have occurred and be continuing which, if it had originated while any of the Notes were outstanding, (i) would constitute an event of default hereunder or (ii) with the giving of notice or lapse of time, or both, would constitute an event of default hereunder.

4.3 The Company shall have entered into Bond Purchase Agreements (herein called "Bond Purchase Agreements"), in the form hereto annexed as Exhibit 3, providing for the sale of (a) its First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978 (herein called the "Canadian Series First Mortgage Pipe Line Bonds"), payable in Canadian dollars, for an aggregate cash consideration of not less than Can. \$23,010,000, and (b) its First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978 (herein called the

“United States Series First Mortgage Pipe Line Bonds”), payable in United States dollars, for an aggregate cash consideration of not less than U. S. \$80,990,000 (Bonds of the Canadian Series and of the United States Series being herein collectively called “First Mortgage Pipe Line Bonds”); to be issued under a Deed of Trust and Mortgage to be dated as of January 1, 1957 between the Company and National Trust Company, Limited, in the form of the proof which is attached as Exhibit I to the form of Bond Purchase Agreement annexed hereto as Exhibit 3, except for such changes in such proof as shall have been consented to by the Banks (such Deed of Trust and Mortgage, in the form of such proof, with such changes, is herein called the “Pipe Line Mortgage”, provided that, upon execution and delivery of the Pipe Line Mortgage, such term shall mean such Deed of Trust and Mortgage as so executed and delivered if its terms and provisions conform to such proof, except for such changes therein as shall have been consented to by the Banks); and such Bond Purchase Agreements shall be in full force and effect.

4.4 All instruments incident to the authorization and execution of this Bank Credit Agreement, the Notes, the pledge agreement referred to in Section 4.9.2 hereof, the First Mortgage Pipe Line Bonds then being pledged pursuant to Section 4.10.2 hereof, and the Pipe Line Mortgage and all proceedings in connection therewith shall be satisfactory in form and substance to the Banks and to Messrs. White & Case, special counsel for the Banks; and the Banks shall have received copies of all such documents or other evidence (including any certificates from responsible officers of the Company) as the Banks may reasonably request in order to establish the performance of the covenants and satisfaction of the conditions herein contained and the consummation of such transactions and the taking of all corporate proceedings in connection therewith, in form (as to certification and otherwise) and substance satisfactory to the Banks and to said special counsel for the Banks.

4.5 The Company shall have received in cash (before expenses but after underwriting discounts and commissions relating to the offering of the Subordinated Debentures and Common Shares) not less than \$105,000,000, computed in Canadian funds by converting United States into Canadian funds on the basis of \$1.04 of United States

funds being equivalent to \$1.00 of Canadian funds, from the sale, subsequent to the date of this Bank Credit Agreement, of its Subordinated Debentures and Common Shares; and the Company shall also have entered into an agreement (herein called the "Note Purchase Agreement") in the form marked Exhibit II attached to the form of Bond Purchase Agreement hereto annexed as Exhibit 3, providing for the purchase of its 5½% Subordinated Convertible Income Notes (herein called the "Income Notes") in the aggregate maximum principal amount of Can. \$21,000,000.

4.6 The Company contemporaneously with each loan to be made hereunder shall sell its First Mortgage Pipe Line Bonds in the respective principal amounts provided in the Bond Purchase Agreements.

4.7 The indenture (herein called the "Subordinated Indenture") pursuant to which the Subordinated Debentures have been issued shall not have been changed in a manner which materially and adversely affects the interest of the Banks from the form of the proof thereof dated February 2, 1957, submitted to the Banks prior to the execution of this Bank Credit Agreement, and the Subordinated Indenture shall be in full force and effect.

4.8 Each of the conditions specified in Paragraph 4 of the Bond Purchase Agreements shall have been satisfied, prior to or concurrently with each such loan, as though each of the Banks were deemed to be a Purchaser under a Bond Purchase Agreement, except that any opinions or other documents required to be furnished to a Purchaser shall be revised to the extent necessary to make them applicable to the issuance and pledge of First Mortgage Pipe Line Bonds as security for the loan being made instead of to the issuance and purchase of such First Mortgage Pipe Line Bonds.

4.9 Prior to the first loan hereunder, there shall have been delivered to The First National City Bank of New York, with a counterpart for each of the other Banks:

4.9.1 Evidence (satisfactory in form and substance to the Banks) of the taking of all corporate proceedings by the Company necessary to the authorization of the execution and delivery of this Bank Credit Agreement, the Notes and the pledge agreement

referred to in Section 4.9.2 and the performance of their respective provisions.

4.9.2 A pledge agreement substantially in the form of Exhibit 2 hereto attached (herein called the "Pledge Agreement"), between the Company and The First National City Bank of New York, as Agent, pursuant to which the Company will pledge as security for each loan hereunder United States Series First Mortgage Pipe Line Bonds in an aggregate principal amount equal to the amount of said loan.

4.10 Prior to each loan hereunder, there shall have been delivered to The First National City Bank of New York:

4.10.1 A Note substantially in the form of Exhibit 1 hereto attached, payable to the order of each Bank for the amount of the borrowing from it.

4.10.2 United States Series First Mortgage Pipe Line Bonds in an aggregate principal amount equal to the aggregate principal amount of the Notes delivered pursuant to Section 4.10.1, said Bonds to be deposited and pledged under the Pledge Agreement as security for said Notes.

4.10.3 A certificate of the President or a Vice President of the Company (with a counterpart for each of the other Banks) stating (i) that, the conditions specified in Sections 4.1, 4.2, 4.3 and 4.5 to 4.8, inclusive, have been complied with, and (ii) the aggregate principal amount of First Mortgage Pipe Line Bonds of the United States Series and of the Canadian Series being sold simultaneously with the making of such loan.

4.10.4 An opinion (with a counterpart for each of the other Banks and satisfactory in form and substance to the Banks and to Messrs. White & Case, special counsel for the Banks) of Messrs. Cahill, Gordon, Reindel & Ohl, of counsel for the Company (who may rely on the opinions of Messrs. Milner, Steer, Dyde, Martland & Layton—Messrs. Milner, Steer, Martland & McNeill of Edmonton and Calgary, Alberta, of counsel for the Company, and of Messrs. Borden, Elliot, Kelley, Palmer & Sankey of Toronto,

Ontario, also of counsel for the Company, as to matters of Canadian law) to the effect that as of the date of such loan:

4.10.4.1 Execution and delivery of this Bank Credit Agreement, the Notes evidencing such loan, the Pledge Agreement, the Bond Purchase Agreements, the Pipe Line Mortgage, the First Mortgage Pipe Line Bonds then being issued and sold or pledged under the Pledge Agreement, the Subordinated Indenture, the Note Purchase Agreement, and the performance of their respective provisions, have been duly authorized by all necessary corporate action of the Company.

4.10.4.2 This Bank Credit Agreement and the Pledge Agreement and the Notes evidencing such loan have been duly executed and delivered by the Company and constitute valid and binding obligations of the Company; and the Pledge Agreement creates a valid and enforceable pledge in accordance with its terms of the First Mortgage Pipe Line Bonds being deposited and pledged thereunder as security for such loan, subject to any applicable bankruptcy or insolvency laws or other similar laws affecting creditors' rights (except that such counsel need not pass on the validity or effect of the agency provided for in this Bank Credit Agreement and the Pledge Agreement but may assume that such agency is valid and effective).

4.10.5 Opinions (with a counterpart for each of the other Banks and satisfactory in form and substance to the Banks and to Messrs. White & Case, special counsel for the Banks) of Messrs. Milner, Steer, Dyde, Martland & Layton—Messrs. Milner, Steer, Martland & McNeill of Edmonton and Calgary, Alberta, of counsel for the Company and of Messrs. Borden, Elliot, Kelley, Palmer & Sankey of Toronto, Ontario, also of counsel for the Company (which firms may rely on the opinion of Messrs. Cahill, Gordon, Reindel & Ohl, of counsel for the Company as to matters of United States law) as to the matters specified in paragraphs 4.10.4.1 and 4.10.4.2 above and also to the effect that as of the date of such loan:

4.10.5.1 All approvals of any court, officer, or administrative or regulatory agency or governmental authority of any jurisdiction necessary to the making or performance of this Bank Credit Agreement, the Pledge Agreement, the Bond Purchase Agreements, the Pipe Line Mortgage, and the issuance of

the Notes and the First Mortgage Pipe Line Bonds have been obtained.

4.10.5.2 The rights of the holders of the Subordinated Debentures and of the trustee under the Subordinated Indenture have been duly subordinated to the rights of the holders of the Notes in accordance with the terms of the Subordinated Indenture and the Subordinated Debentures.

4.10.5.3 The rights of the holders of the Company's outstanding Income Notes, if any, have been duly subordinated to the rights of the holders of the Notes in accordance with the terms of the Income Notes and the Note Purchase Agreement.

4.10.5.4 The making of loans to the Company under this Bank Credit Agreement does not of itself constitute the doing of business by the Banks under the laws of Canada or any Province of Canada, and qualification by the Banks for admission to do business under any of such laws (assuming that the Banks are not then doing business thereunder) would not constitute a condition to, and the failure to so qualify would not affect, the exercise by the Banks of any right, privilege or remedy afforded to the Banks in or under the Notes, this Bank Credit Agreement or the Pledge Agreement, or the enforcement of any such right, privilege or remedy in accordance with the terms of the Notes, this Bank Credit Agreement or the Pledge Agreement in any court of competent jurisdiction within Canada.

4.10.6 A certificate of the President or a Vice President of the Company (with a counterpart for each of the other Banks) stating that there is no charter, by-law or preference stock provision of the Company, and no provisions of any existing mortgage, indenture, contract, agreement or instrument to which the Company is a party, or to which the Company contemplates becoming a party, or to which the Company is subject, and no statute, rule or regulation binding upon it, which has been or may be contravened, breached or defaulted by its execution or delivery of this Bank Credit Agreement, the Notes, the Pledge Agreement, the Bond Purchase Agreements, the Pipe Line Mortgage, the First Mortgage Pipe Line Bonds, the Subordinated Indenture, the Subordinated Debentures, the Note Purchase Agreement or the

Income Notes or the performance of their respective provisions, and no liens (other than as imposed by the terms thereof) will be imposed on the properties or assets of the Company on account of such execution, delivery or performance.

4.11 The making of such loan by each Bank shall be permitted at that time by the laws and any applicable regulations of the jurisdiction to which such Bank is subject and such laws and applicable regulations shall not impose on such Bank onerous conditions which in effect preclude such loan, it being acknowledged by each Bank that, on the basis of the representations herein contained, such loan as of the date of the execution of this Bank Credit Agreement would be so permitted and that the present laws and regulations do not impose any such onerous conditions.

SECTION 5. *Affirmative Covenants.*

The Company covenants and agrees that so long as the Banks are committed to lend hereunder or so long as any Note shall not be paid in full, together with interest, it will:

5.1 Furnish to The First National City Bank of New York, with a counterpart for each of the other Banks:

5.1.1 All financial statements, reports, certificates or other documents which the Company is required by the provisions of the Bond Purchase Agreements to furnish to the Purchasers of First Mortgage Pipe Line Bonds.

5.1.2 As soon as practicable, and in any event within 4 months, after the end of each calendar year (commencing with the calendar year 1957), a certificate dated not more than 10 days prior to the delivery thereof, signed by the President or a Vice President of the Company, stating whether or not, to the knowledge of the signer, there has occurred and is continuing any event of default under this Bank Credit Agreement, the Pipe Line Mortgage, the Subordinated Indenture or the Note Purchase Agreement, or any event which, with the giving of notice or lapse of time, or both, would constitute an event of default hereunder or thereunder, or in case such an event of default or other event has occurred and is continuing, specifying the same.

5.1.3 From time to time, with reasonable promptness, such additional statements and such information with respect to the financial condition, property and operations of the Company as any of the Banks may reasonably request.

5.2 Comply with all of the terms and provisions contained in the Pipe Line Mortgage.

5.3 Strictly observe and perform all of the terms and provisions of the Subordinated Indenture binding upon the Company which relate to the subordination of the indebtedness represented by the Subordinated Debentures to all Prior Indebtedness, as such term is used in the Subordinated Indenture.

5.4 Execute and deliver the Pipe Line Mortgage prior to, or simultaneously with, the first issuance of First Mortgage Pipe Line Bonds and the Pipe Line Mortgage, as so executed and delivered, will be in the form of the proof thereof referred to in Section 4.3 hereof, except for such changes therein as shall have been consented to by the Banks; but nothing contained in the Pipe Line Mortgage shall have the effect of modifying, restricting or impairing the terms and provisions of, or the rights of the Banks under, this Bank Credit Agreement or the Notes.

5.5 Simultaneously with the sale of any First Mortgage Pipe Line Bonds (except First Mortgage Pipe Line Bonds covered by the Bond Purchase Agreements or Bonds which may be issued as provided in §4.05(c) of the Pipe Line Mortgage), the Company will prepay the full principal amount of the Notes then outstanding under this Bank Credit Agreement together with accrued interest to the date of prepayment; provided that, to the extent the Company shall make such prepayment directly or indirectly involving, or in anticipation of, borrowings by the Company or any affiliate of the Company from banks other than the Banks, such prepayment shall be accompanied by a premium on the amount prepaid computed at the rate of 1% per annum for the period from the date of prepayment to March 1, 1962.

5.6 Cause all sales of natural gas made by the Company to customers in the United States up to \$18,000,000 in each year to be paid

for in U. S. dollars and all proceeds of such sales upon receipt by the Company to be deposited in the first instance with or cleared through the Banks.

5.7 On each sinking fund payment date in respect of the First Mortgage Pipe Line Bonds, the Company shall prepay a principal amount of the Notes equal to the aggregate principal amount of First Mortgage Pipe Line Bonds pledged under the Pledge Agreement which are required to be redeemed on such date pursuant to §3.08 or §3.09 of the Pipe Line Mortgage, such prepayment being made through application thereto as provided in the Pledge Agreement of the redemption proceeds of the Pledged Bonds so redeemed.

5.8 Strictly observe and perform (i) all of the terms and provisions of the Note Purchase Agreement binding upon the Company which relate to the subordination of the indebtedness represented by the Income Notes to the First Mortgage Pipe Line Bonds, and (ii) the provisions of paragraph 12 of the Note Purchase Agreement; and will avail itself of all benefits provided by the Note Purchase Agreement.

SECTION 6. *Events of Default.*

In the event that any one or more of the following events (herein called "events of default") happens and is continuing, that is to say:

6.1 The Company defaults in the payment when due of the principal of, or premium on, any of the Notes; or

6.2 The Company defaults in the payment of any installment of interest on any of the Notes for more than 30 days; or

6.3 Any material representation or warranty made to any of the Banks herein or otherwise made in writing by the Company to the Banks is false in any material respect on the date as of which such representation or warranty was made or purported to be true; or

6.4 The Company (i) defaults in the performance of any term, covenant, agreement, condition, undertaking or provision of Sections 5.3, 5.4, 5.5 or 5.8 hereof; or (ii) defaults in the performance of any other term, covenant, condition, agreement, undertaking or provision of this Bank Credit Agreement and such

default under this clause (ii) remains unremedied for a period of 60 days after notice thereof by any of the Banks to the Company;
or

6.5 Any event of default (as defined in the Pipe Line Mortgage) shall occur under the Pipe Line Mortgage; or any event shall occur which, under the Pipe Line Mortgage or the Subordinated Indenture, would entitle the trustee thereunder (irrespective of the giving of notice to, or consent or indemnification by, the holders of obligations thereunder) (i) to declare any of such obligations due and payable prior to their expressed maturity, or (ii) to give notice to the Company of such event and the time, if any, during which the Company would be entitled to remedy such event (as provided in the Pipe Line Mortgage or the Subordinated Indenture, as the case may be) shall have expired after any of the Banks shall have given notice of such event to the Company;

then, while any such event of default shall continue to exist, any Bank, by written notice to the Company, may (i) terminate the obligation of the Banks to make any further loans hereunder, and/or (ii) mature the Notes and make the principal of, and interest on, the Notes forthwith due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

SECTION 7. *Representations and Warranties.*

7.1 The representations and warranties made by the Company in paragraph 2 of the form of Bond Purchase Agreement which is annexed hereto as Exhibit 3 are true as of the date of this Bank Credit Agreement or at such other date or dates as of which they purport to be true, and the same are incorporated herein as though set forth herein at length.

7.2 Execution and delivery of this Bank Credit Agreement, the Notes, the Pledge Agreement, the Bond Purchase Agreements, the Pipe Line Mortgage, the First Mortgage Pipe Line Bonds, the Subordinated Indenture, the Subordinated Debentures, and the Note Purchase Agreement, and the performance of their respective provisions, have been duly authorized by all necessary corporate action of the Company.

7.3 Neither the execution and delivery of this Bank Credit Agreement nor the consummation of the transactions herein provided for, nor compliance by the Company with the provisions of the Notes, the Pledge Agreement, this Bank Credit Agreement, the Bond Purchase Agreements, the Pipe Line Mortgage, the First Mortgage Pipe Line Bonds, the Subordinated Indenture, the Subordinated Debentures, the Note Purchase Agreement or the Income Notes will result in any breach of any of the terms or provisions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance (other than as imposed by the terms thereof) on any property or assets of the Company under the terms of, the Company's act of incorporation or its by-laws or any indenture or other agreement or instrument to which the Company is at the time a party or any order of any court or administrative agency entered in any proceeding to which the Company is at the time a party or by which it may be bound or to which it may be subject. The property and assets of the Company are subject to a mortgage in favor of the Crown Corporation (as defined in Part I of Article 1 of the Pipe Line Mortgage) to secure amounts borrowed and to be borrowed by the Company in connection with the construction of the western section of the Project referred to in the first recital hereto and such property and assets may become subject to other liens to secure amounts to be borrowed by the Company but such mortgage and other liens (other than the Pipe Line Mortgage) will be discharged prior to the date of the first loan. The Company is not a party to any contract, agreement or instrument or subject to any charter or other corporate restriction which is not disclosed in the report referred to in the first recital hereto, as supplemented, or which will not be disclosed in the Final Prospectus described in paragraph 2(d) of the Bond Purchase Agreements and which will in any way be violated by the consummation of the transactions contemplated herein.

SECTION 8. *Miscellaneous.*

8.1 The Company agrees, whether or not the transactions herein contemplated shall be consummated, to pay and save the Banks harmless against liability for the payment of all out-of-pocket expenses arising in connection with this transaction, including any documentary

stamp taxes (with interest and penalties, if any) which may be determined to be payable in respect of the execution and delivery of the Notes, and the reasonable fees and disbursements of special counsel for the Banks.

8.2 No failure or delay on the part of any of the Banks in exercising any right, power or privilege under this Bank Credit Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege under this Bank Credit Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which the Banks would otherwise have. The representations and warranties made herein shall survive the making of loans hereunder.

8.3 This Bank Credit Agreement shall be binding upon and inure to the benefit of the Company, each of the Banks, and their respective successors and assigns.

8.4 This Bank Credit Agreement and the rights and obligations of the parties hereunder and under the Notes shall be construed in accordance with, and governed by, the laws of the State of New York. Wherever a sum in dollars is mentioned herein it shall mean dollars in lawful money of the United States of America unless expressly stated to mean dollars in lawful money of Canada. Each Section reference in this Bank Credit Agreement is to a Section of this Bank Credit Agreement, unless the context shall otherwise require. Whenever a provision of another instrument (whether in the form of a proof or in the form executed) is referred to herein as expressing a term, condition, or limitation of this Bank Credit Agreement, such provision shall be regarded as though incorporated herein at length.

8.5 All notices shall be addressed to the Company at 160 Bloor Street East, Toronto, Canada and to the Banks at their respective addresses shown in Section 1.1.

8.6 Each of the Banks, and each subsequent holder of Notes by his acceptance thereof, irrevocably authorizes The First National City Bank of New York to take all action delegated to it hereunder or

reasonably incidental thereto and the Company shall be entitled for all purposes to rely on any action so taken. Each of the Banks, and each subsequent holder of Notes by his acceptance thereof, irrevocably appoints The First National City Bank of New York as its agent (herein called the "Agent") with the right and authority to execute the Pledge Agreement and to take any and all action required or permitted to be taken by the Agent under the terms of the Pledge Agreement, including authority to receive, hold and deal with the Pledged Bonds (as defined in the Pledge Agreement) in the manner provided therein, to give receipts to the Company for any and all Pledged Bonds and to execute endorsements, assignments or instruments of conveyance or transfers and consents and receipts with respect to all or any of the Pledged Bonds and payments thereon, and the Company shall be entitled to rely on any action taken by the Agent pursuant to this authority. The First National City Bank of New York shall consult each holder of Notes prior to taking any action as Agent under the Pledge Agreement and shall take only such action under the Pledge Agreement (except for such action as is expressly required to be taken by the terms of the Pledge Agreement) as shall have been approved by the holders of 86% of the aggregate principal amount of Notes outstanding hereunder. The Company shall certify to The First National City Bank of New York the names and signatures of its officers authorized to sign Notes, execute certificates and otherwise act in respect hereof, and The First National City Bank of New York may conclusively rely thereon until receipt by it of written notice to the contrary. The Company and The First National City Bank of New York may treat the payee of any Note as the owner thereof until written notice of transfer shall have been filed with it. The First National City Bank of New York shall not be liable for any action taken or omitted by it hereunder or under the Pledge Agreement, except for its own gross negligence or wilful misconduct. In the absence of gross negligence or wilful misconduct, The First National City Bank of New York shall be entitled to rely, without liability therefor, upon any certificate or other document or communication believed by it to be genuine and correct and to have been signed or sent by a person believed by it to be proper. Each of the Banks agrees that it will reimburse The First National City Bank of New York for, and indemnify it against, all expense, liability or damage which may be sustained by it while acting for the

Banks under or in connection with this Bank Credit Agreement (The First National City Bank of New York, as one of the Banks, to be obligated for its pro rata share).

8.7 Whenever less than all of the Banks shall exercise any right hereunder, they shall furnish to all of the other Banks a statement of the right being exercised and a copy of any instrument delivered to exercise such right. No failure on the part of any Bank in complying with the aforesaid sentence or with the provisions of Section 8.6 hereof shall excuse any Bank from the performance of its obligations to the Company or shall affect the validity of any action taken as between the Banks and subsequent holders of the Notes and the Company.

8.8 If the Notes or any installment of principal on the Notes shall become due and payable (whether at the stated maturity thereof or by acceleration or otherwise), any deposit account of the Company (whether general or special or for any specific purpose, except monies held by any Bank as paying agent for the Company under the terms of the Pipe Line Mortgage or the Subordinated Indenture) with, or claim of the Company against, any of the Banks existing from time to time (whether then due or not) may be offset against the Company's obligation for the payment of the principal of, or premium or interest on, the Note or Notes held by such Bank. Nothing in this Bank Credit Agreement contained shall prejudice or impair any other right or remedy which any of the Banks may otherwise have with respect to the loans hereunder or any rights or remedies it may have with respect to other loans which such Bank may make to the Company.

8.9 Each of the Banks, and each subsequent holder of Notes by his acceptance thereof, designates The First National City Bank of New York as the Designated Representative, as defined in and for the purposes of the Note Purchase Agreement, of the holders of the Notes.

8.10 Any provisions in this Bank Credit Agreement to the contrary notwithstanding, with the written consents of Banks holding 86% of the aggregate principal amount of Notes outstanding hereunder or, if no Notes are then outstanding, Banks committed to make 86% of the aggregate principal amount of loans contemplated herein, the Company may be relieved to the extent provided therein from com-

pliance with any covenant, agreement or undertaking contained herein, except the terms of the Notes, the commitments of the Banks, the commitment commission, and the provisions of this Section and of Section 8.6.

8.11 This Bank Credit Agreement may be executed in any number of copies and by the different parties hereto on separate counterparts and shall become effective when each of the parties hereto shall have executed and delivered to The First National City Bank of New York a counterpart hereof and The First National City Bank of New York shall have given written or telegraphic notice of such execution and delivery to all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the day and year first above written.

TRANS-CANADA PIPE LINES LIMITED

By A. P. CRAIG
Vice President

[SEAL]

A. GRAHAM AUSTIN
Asst. Secretary

THE FIRST NATIONAL CITY BANK OF NEW YORK

By W. HOWARD MILLER
Vice President

MELLON NATIONAL BANK AND TRUST COMPANY

By CURTIS E. JONES
Vice President

J. P. MORGAN & CO. INCORPORATED

By ELLMORE C. PATTERSON
Vice President

EXHIBIT 1

\$

New York, N. Y.
, 195 .

FOR VALUE RECEIVED the undersigned, TRANS-CANADA PIPE LINES LIMITED, a Canadian corporation, promises to pay to the order of _____ at the office of The First National City Bank of New York, 55 Wall Street, New York, N. Y., the sum of

Dollars (\$) _____), in lawful money of the United States of America, on March 1, 1962.

The undersigned also agrees to pay interest in like money until maturity at the rate of $5\frac{1}{4}\%$ per annum on the unpaid principal balance of this Note, payable semi-annually at said office on the first day of April and October in each year, and, at the time of each prepayment on this Note, on the amount prepaid. Any principal installment not paid when due shall thereafter bear interest at the rate of 6% per annum.

This Note is one of several Notes of like tenor (herein called the "Notes") issued under, and is entitled to the benefits of, a Bank Credit Agreement dated as of February 11, 1957, between the undersigned, The First National City Bank of New York and the other Banks named therein. As provided in said Bank Credit Agreement, the Notes issued pursuant to said Bank Credit Agreement, under certain circumstances, may be declared to be immediately due and payable.

As provided in said Bank Credit Agreement, this Note is subject to prepayment, in whole or in part, in certain cases without premium and in other cases with premium as provided in said Bank Credit Agreement. The undersigned agrees to make prepayments of principal at the times and in the amounts specified in said Bank Credit Agreement.

The undersigned has pledged with the Banks which are parties to said Bank Credit Agreement, as the original holders of the Notes, its First Mortgage Pipe Line Bonds, $5\frac{1}{4}\%$ Series due October 1, 1978, in an aggregate principal amount equal to the principal amount of the Notes, as security for the Notes, pursuant to said Bank Credit Agree-

ment and the Pledge Agreement dated as of _____, 1957, between the undersigned and The First National City Bank of New York, as Agent, to which agreements reference is made for a description of the rights of the undersigned and the holder of this Note and the authority of said Agent with respect to such security.

This Note shall be construed in accordance with, and governed by, the laws of the State of New York.

TRANS-CANADA PIPE LINES LIMITED

By.....

EXHIBIT 2

PLEDGE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS THAT: The undersigned, TRANS-CANADA PIPE LINES LIMITED, a Canadian corporation (herein called the "Company"), does hereby pledge with the several banking institutions (herein called "the Banks") which are parties to the Bank Credit Agreement dated as of February 11, 1957 (herein called the "Bank Credit Agreement") between the Company and The First National City Bank of New York, Mellon National Bank and Trust Company and J. P. Morgan & Co. Incorporated, as collateral security for the due and punctual payment of the principal of and interest on the promissory notes of the Company (herein called the "Notes") payable to the order of the Banks, respectively, issued and to be issued by the Company pursuant to the Bank Credit Agreement, and for the due performance and observance by the Company of all of its covenants and agreements contained in the Notes and in the Bank Credit Agreement, the following described bonds (herein referred to as the "Pledged Bonds"):

- (a) First Mortgage Pipe Line Bond, 5¼% Series due October 1, 1978 of the Company, No. _____, in the principal amount of \$ _____ (U.S.), registered in the name of The First National City Bank of New York, as Agent for the holders of the Notes; and
- (b) Such additional First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978 of the Company, similarly registered, which shall hereafter be deposited and pledged by the Company hereunder pursuant to the provisions of the Bank Credit Agreement,

which shall be deposited hereunder with The First National City Bank of New York (herein called the "Agent"), as Agent for the holders of the Notes, pursuant to the Bank Credit Agreement.

1. The Company covenants and agrees that any Pledged Bonds which shall hereafter be deposited and pledged hereunder pursuant

to the provisions of the Bank Credit Agreement shall be accompanied by a letter in the form hereto annexed as Exhibit A, signed by a duly authorized officer of the Company. Upon receipt by the Agent of such Pledged Bonds and accompanying letter, such Pledged Bonds shall be pledged hereunder with the same effect as if specifically described herein.

2. The Company covenants and agrees that the Pledged Bonds, when deposited and pledged hereunder, will be duly and validly issued and duly and validly pledged with the Banks, as holders of the Notes, in accordance with law, and the Company warrants and will defend the Banks' right, title and special property in and to the Pledged Bonds against the claims and demands of all persons whomsoever. The Company represents and warrants to the Banks that the Pledged Bonds, when deposited and pledged hereunder, will be free and clear of all claims, mortgages, pledges, liens and other encumbrances of every nature whatsoever except for the lien of the pledge provided for herein.

3. Payments of principal of, and premium and interest on, the Pledged Bonds when due shall be made by the Company to the Agent. Promptly upon the receipt by the Agent of any amounts representing interest payments on the Pledged Bonds, such amounts shall be applied to the payment of interest on the Notes, and promptly upon the receipt by the Agent of any amounts representing payments of principal and premium, if any, on the Pledged Bonds (including payments in connection with redemptions), such amounts shall be applied to the prepayment of the Notes.

4. If the Notes or any installment of principal required to be pre-paid thereon under the terms of the Bank Credit Agreement shall not be paid when due, whether at the stated maturity thereof or by acceleration or otherwise, the Agent, on behalf of the holders of the Notes, without obligation to resort to other security, shall have the right at any time and from time to time to sell, resell, assign and deliver, in its discretion, all or any of the Pledged Bonds, in one or more parcels at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof on any securities exchange on which the Pledged Bonds or any of them may be listed,

or at public or private sale, for cash, upon credit or for future delivery, the Company hereby waiving and releasing any and all equity or right of redemption, and in connection therewith the Agent may grant options, all without either demand, advertisement or notice, all of which are hereby expressly waived. Upon each such sale, the Banks or any holder of the Notes may purchase all or any of the Pledged Bonds being sold, free from any equity or right of redemption, which is hereby waived and released. In case of each such sale, after deducting all costs and expenses of every kind for sale or delivery, including attorneys' fees, from the proceeds of sale, the Agent shall apply any residue to the payment of any liabilities of the Company under the Bank Credit Agreement and the Notes, and the Company will continue liable for any deficiency. The balance, if any, remaining after payment in full of all of the liabilities of the Company under the Bank Credit Agreement and the Notes, shall be paid to the Company.

5. The remedies provided herein shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies existing at law or in equity.

6. The Agent acting in behalf of the holders of the Notes may, but without obligation to do so, demand, sue for, and/or collect any money or property at any time due, payable or receivable on account of or in exchange for any Pledged Bonds.

7. The Agent shall have the right, in behalf of the holders of the Notes, to execute endorsements, assignments or other instruments of conveyance or transfer with respect to all or any of the Pledged Bonds.

8. No delay on the part of the Agent, the Banks or of any holder of the Notes in exercising any of their options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof.

9. At the time of any prepayment of the Notes, the Agent will surrender to the Company Pledged Bonds in an aggregate principal amount equal to the amount of such prepayment. At the time of payment in full of all of the liabilities of the Company under the Notes and the Bank Credit Agreement, the Company shall be entitled to the return of all of the Pledged Bonds and of all other property and cash of the Company which have not been used or applied toward the payment of such liabilities and the Agent shall surrender the same to the Company.

10. Upon receipt of notice, pursuant to Section 3.1 of the Setoff Sharing Agreement dated as of February 11, 1957 among the Banks and National Trust Company, Limited, as Trustee under the Company's Deed of Trust and Mortgage dated as of January 1, 1957 (herein called the "Trustee"), of any setoff payment made by any Bank with respect to any of the Notes, the Agent shall forthwith surrender to the Trustee Pledged Bonds in a principal amount which, together with interest accrued to the date of such setoff payment, is equal to the amount of such setoff payment, which Pledged Bonds shall be held by the Trustee subject to the provisions of Section 3.2 of said Setoff Sharing Agreement.

11. Neither the Agent nor any of its officers, directors or agents shall be liable for any action taken or omitted hereunder or in connection herewith unless caused by its or their gross negligence or wilful misconduct.

12. Any notice or demand upon the Company shall be deemed to have been sufficiently given or served for all purposes thereof if mailed, postage prepaid, to the Company at 160 Bloor Street East, Toronto, Canada, or such other address as the Company may designate in writing, delivered to the Agent.

13. This Pledge Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the State of New York. Any provision of this Pledge Agreement prohibited by any applicable law shall be ineffective, without modifying the remaining provisions of this Pledge Agreement. Where, however, the conflicting provisions of any applicable law may be waived, they are hereby waived by the Company to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties have caused this Pledge Agreement to be executed and delivered by their duly authorized officers as of the day of , 1957.

TRANS-CANADA PIPE LINES LIMITED

By
President

THE FIRST NATIONAL CITY BANK OF
NEW YORK, as Agent

By
Vice President

EXHIBIT A TO PLEDGE AGREEMENT
TRANS-CANADA PIPE LINES LIMITED
TORONTO, CANADA

(Date)

THE FIRST NATIONAL CITY BANK OF NEW YORK, as Agent
 55 Wall Street
 New York 15, New York

Dear Sirs:

In connection with the issuance on this date of three promissory notes of the undersigned payable, respectively, to the order of the Banks which are parties to the Bank Credit Agreement dated as of February 11, 1957 with the undersigned, as follows:

Name of Bank	Amount of Note
The First National City Bank of New York	
Mellon National Bank and Trust Company	
J. P. Morgan & Co. Incorporated	

the undersigned hereby deposits and pledges \$ _____ aggregate principal amount of the First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978, of the undersigned to be held by you, as Agent, subject to all of the terms and conditions of the Pledge Agreement dated as of _____, 1957 between you and the undersigned.

Very truly yours,

TRANS-CANADA PIPE LINES LIMITED

By _____
President

As executed the Bank Credit Agreement has attached as Exhibit 3 the form of Bond Purchase Agreement dated February 11, 1957 to which are attached as Exhibit I the form of Deed of Trust and Mortgage dated as of January 1, 1957 and as Exhibit II the Note Purchase Agreement dated as of January 1, 1957.

[CONFORMED COPY]

DEPOSIT AGREEMENT
BETWEEN
TRANS-CANADA PIPE LINES LIMITED
AND
MONTREAL TRUST COMPANY

Dated as of January 1, 1957

PRINTED IN U.S.A.

DEPOSIT AGREEMENT

THIS AGREEMENT, dated as of the 1st day of January, 1957, by and between:

Trans-Canada Pipe Lines Limited, a company duly incorporated by Special Act of the Parliament of Canada, having its head office in the City of Calgary, in the Province of Alberta (hereinafter called the "Company"),

Party of the First Part;

and

Montreal Trust Company, a trust company duly incorporated under the laws of the Province of Quebec, and having an office in the City of Toronto in the Province of Ontario (hereinafter called the "Depositary")

Party of the Second Part.

WITNESSETH

WHEREAS, the Company is obligated to issue and sell \$54,166,700 principal amount of its 5.85% Subordinated Debentures due 1987, Canadian Series, and \$20,833,300 principal amount of its 5.60% Subordinated Debentures due 1987, United States Series (hereinafter collectively called the "Debentures") and to issue an aggregate of 3,750,000 of its Common Shares, all pursuant to a Canadian Underwriting Agreement, dated February 12, 1957, between the Company and Nesbitt, Thomson and Company, Limited, Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited and Osler, Hammond & Nanton Limited and pursuant to an United States Underwriting Agreement, dated February 12, 1957, between the Company and Lehman Brothers, Stone & Webster Securities Corporation and White, Weld & Co., as representatives of the several United States Underwriters named therein; and

WHEREAS, the Depositary is the Trustee under an Indenture, dated as of January 1, 1957 (herein called the "Debenture Indenture"), under which the Debentures are being issued; and

WHEREAS, in pursuance of said Underwriting Agreement, the Company is obligated to issue the aforesaid 3,750,000 Common Shares to, and deposit the same with, the Depositary, as custodian for the owners thereof, concurrently with the issuance and sale of the Debentures; and

WHEREAS, the Company and the Depositary desire to insure that all dividends and other distributions upon the aforesaid 3,750,000 Common Shares shall be received by, and all rights to vote such shares shall be exercisable by, the owners thereof;

Now, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and in order to set forth the terms on which the said Common Shares of the Company shall be held and dealt with by the Depositary and its successors, it is hereby mutually agreed and the Depositary hereby makes known and declares, that:

FIRST: The Company, simultaneously with the execution and delivery of this Agreement, is delivering to the Depositary a certificate or certificates representing 3,750,000 of its Common Shares. The Common Shares so delivered by the Company to the Depositary shall be registered in the name of the nominee or nominees of the Depositary and shall be held by said Depositary and its successors as custodian for the owners of the Common Shares upon and subject to the terms of this Agreement, which owners will be holders of Debentures of the Company (hereinafter referred to as the "Debentureholders"). On or prior to June 3, 1957 (or the date on which the Company first issues First Mortgage Pipe Line Bonds, whichever is later) each Debentureholder whose Debenture carries the endorsement set forth in paragraph Second hereof will be the owner of five Common Shares for each \$100 principal amount of such Debentures held by him, and, thereafter on or prior to December 31, 1959 or such earlier date, but not earlier than November 1, 1958, as may be fixed by the Board of Directors of the Company of two of such five Common Shares for each \$100 principal amount of such Debentures held by him. The Depositary shall deliver (within three business days after the record date referred to in this sentence) by registered mail to the registered owner of each such Debenture, of record at the close of business on June 3, 1957 (or the date on which the Company first issues First Mortgage Pipe Line Bonds, whichever is later) at his address as shown on the register of the Company a certificate for three Common Shares of the Company (registered in the name of the registered owner of such Debenture) for each \$100 principal amount of such Debenture. The Depositary shall similarly deliver (within three business days after the record date

referred to in this sentence) to the registered owner of each such Debenture of record at the close of business on December 31, 1959, or the earlier date fixed as above provided, at his address as shown on the register of the Company a certificate for two Common Shares of the Company (registered in the name of the registered owner of such Debenture) for each \$100 principal amount of such Debenture. If any such Debenture shall be redeemed prior to December 31, 1959 or such earlier date certificates for the Common Shares of the Company (registered in the name of the registered owner of such Debenture) to which the registered owner thereof is entitled at the time of such redemption shall be delivered by the Depositary upon presentation of such Debenture to the Depositary at its office in Toronto, Canada. The Company shall give the Depositary written notice forthwith upon the first issuance by it of First Mortgage Pipe Line Bonds; and until receipt by the Depositary of such notice, it shall be entitled to assume that such first issuance has not yet occurred. The Company shall deliver, by first class mail, on or prior to June 6, 1957, to the registered owner of each Debenture which carries the endorsement set forth below, of record at the close of business on June 3, 1957, a notice stating that the Company has not issued any First Mortgage Pipe Line Bonds prior to the date of the mailing of such notice, if such is the fact. Such notice shall also state that five Common Shares for each \$100 principal amount of such Debentures will continue to be held by the Depositary for the account of the holders of each such Debenture until the date on which the Company first issues First Mortgage Pipe Line Bonds. The Company shall also publish, in a newspaper of general circulation in Toronto, Canada, and in such a newspaper in the Borough of Manhattan, The City of New York, as promptly as practicable after the mailing of certificates for Common Shares pursuant to the fourth and fifth sentences of this paragraph First, a notice stating that such mailing has been made to holders of Debentures bearing the endorsement referred to below of record at the close of business on a date specified in such notice and that thereafter the Depositary will hold for the account of the holders of such Debentures two Common Shares of the Company for each \$100 principal amount of such Debentures or no such Common Shares, as the case may be.

SECOND: Said Common Shares are being delivered to the Depositary concurrently with the issuance and sale of the Debentures, and the Depositary as Trustee under the Debenture Indenture is placing an endorsement in substantially the following form upon the Debentures originally issued and shall place such endorsement upon all Debentures issued on transfers, exchanges or substitutions of any Debentures so endorsed on or prior to December 31, 1959 or such earlier date, but not earlier than November 1, 1958, as may be fixed by the Board of Directors of the Company as provided below:

DEPOSIT OF COMMON SHARES

Under the terms of a Deposit Agreement dated as of January 1, 1957 between the Company and the Depositary, to all the terms and conditions of which each and every holder of this Debenture is bound, the registered owner of this Debenture is the owner, on or prior to June 3, 1957 (or the date on which the Company first issues First Mortgage Pipe Line Bonds, whichever is later), of five Common Shares of the Company for each \$100 principal amount of this Debenture, and, thereafter on or prior to December 31, 1959 or such earlier date, but not earlier than November 1, 1958, as may be fixed by the Board of Directors of the Company, of two of such five Common Shares of the Company for each \$100 principal amount of this Debenture. Certificates for the Common Shares which the registered owner of this Debenture so owns have been deposited with and are held by the Depositary, as custodian, for the registered owner of this Debenture. Such ownership is transferable only by the transfer of this Debenture on the register of the Company. Under the conditions stated in said Agreement the registered owner of this Debenture is entitled to receive a proxy entitling him or his substitutes to vote at the next forthcoming meeting of the Shareholders of the Company the number of Common Shares of the Company which he then owns as aforesaid and is also entitled to receive from the Depositary dividends and other distributions upon such Common Shares. The Depositary will deliver (within three busi-

ness days after the record date referred to in this sentence) by registered mail to the registered owner of this Debenture, of record at the close of business on June 3, 1957 (or the date on which the Company first issues First Mortgage Pipe Line Bonds, whichever is later) at his address as shown on the register of the Company a certificate for three Common Shares of the Company (registered in the name of the registered owner of this Debenture) for each \$100 principal amount of this Debenture. The Depositary will similarly deliver (within three business days after the record date referred to in this sentence) to the registered owner of this Debenture of record at the close of business on December 31, 1959, or the earlier date, but not earlier than November 1, 1958, fixed by the Board of Directors of the Company as above provided, at his address as shown on the register of the Company a certificate for two Common Shares of the Company (registered in the name of the registered owner of this Debenture) for each \$100 principal amount of this Debenture. If this Debenture shall be redeemed prior to December 31, 1959 or such earlier date certificates for the Common Shares of the Company (registered in the name of the registered owner of this Debenture) to which the registered owner hereof is entitled at the time of such redemption will be delivered by the Depositary upon presentation hereof to the Depositary at its office in Toronto, Canada.

MONTREAL TRUST COMPANY,

Depositary

The interest of each such Debentureholder in the Common Shares of the Company held by the Depositary hereunder shall not be transferable separately, but only by and in connection with the transfer of the Debenture or Debentures evidencing such interest; and every sale or transfer by any present or future Debentureholder of Debentures bearing the endorsement above set forth, shall include the proportionate interest of such Debentureholder in the Common Shares of the Company then held by the Depositary hereunder. By accepting a Debenture bearing said endorsement, each Debentureholder, present or future, shall be bound by all the terms

and provisions of this Agreement as fully and effectually as if he had signed the same.

THIRD: All dividends and other distributions of property, surplus or assets, at any time paid upon the Common Shares of the Company held by the Depositary hereunder shall be paid over or made available by the Depositary, or upon its order shall be paid by the Company, to the Debentureholders, according to their respective interests, in such manner as the Depositary and the Company shall determine.

FOURTH: In the case of any annual or special meeting of shareholders of the Company, the Company will deliver to the Depositary not later than the day on which it is mailed to shareholders, a copy of the notice of such meeting, and at the same time will furnish the Depositary with an additional number of copies of such notice of meeting sufficient to enable the Depositary to mail the same to each Debentureholder whose Debentures bear the afore-said endorsement. Upon receipt of such copies of notice of meeting the Depositary will mail the same to each Debentureholder who is entitled thereto under paragraph Fifth hereof at his address appearing on the Debenture register kept at the office of the Depositary as Trustee, together with a proxy in the form furnished by the Company, giving such holder and his substitute or substitutes full power to vote the number of shares of stock of the Company owned by him, but held by the Depositary hereunder, at such meeting of the shareholders of the Company. No failure by the Depositary to cause a copy of the notice of meeting of the shareholders of the Company or a proxy to be mailed to any Debentureholder shall affect the validity of any such meeting of shareholders of the Company or of any proceedings thereat. The Depositary will have no obligation to vote any Common Shares held by it hereunder.

FIFTH: For the purpose of determining Debentureholders entitled to receive from the Depositary notices and proxies with respect to any meeting of shareholders, and to receive dividends or other distributions upon the Common Shares held by the Depositary, the Depositary shall fix a record date which shall be the same

date as the record date fixed by the Company for the purpose of determining shareholders entitled to notice of and to vote at such meeting, or entitled to receive such dividends or other distributions, and only the holders of Debentures of record on the record date so fixed shall be entitled to receive such notices, proxies, dividends or distributions.

SIXTH: The Depositary may at any time resign, by filing its resignation in writing with the Company. The Depositary may at any time be removed by a majority vote of the Board of Directors of the Company evidenced by a certified copy of a resolution of such Board filed with the Depositary. Another successor Depositary may be appointed by a majority vote of the Board of Directors of the Company evidenced by a certified copy of a resolution of such Board filed with the Depositary. The Depositary shall not resign or be removed, however, unless at the same time it resigns or is removed as Trustee under the Debenture Indenture, and if at any time the Depositary should cease to be such Trustee, it shall cease to be Depositary hereunder.

SEVENTH: The recitals contained herein shall be taken as the statements of the Company and the Depositary assumes no responsibility for the correctness of the same.

EIGHTH: All expenses which may be incurred by the Depositary in acting under this Agreement shall be paid by the Company. The Company shall also indemnify and hold the Depositary harmless from all liability hereunder so far as may be permitted by law and shall pay to the Depositary from time to time such reasonable compensation for its services as may be agreed on between the Depositary and the Company. The Debentureholders shall not be liable for any expenses or compensation of the Depositary and no charge shall be made for such compensation against the Common Shares held by the Depositary.

NINTH: This Agreement may be amended or modified at any time with the written consent of the Depositary then acting hereunder, the written consent of the Company and the written consent of the holders of a majority in aggregate principal amount

of the Debentures outstanding, evidenced as provided in the Debenture Indenture.

TENTH: This Agreement shall terminate three business days after the close of business on December 31, 1959 or on such earlier date, but not earlier than November 1, 1958, as may be fixed by the Board of Directors of the Company; provided, however, that (i) in the event all the Debentures bearing the endorsement referred to above are theretofore redeemed, then this Agreement shall terminate at the close of business on such redemption date, and (ii) in the event a portion but not all of the Debentures bearing the endorsement referred to above should be so redeemed, then at the close of business on the redemption date this Agreement shall terminate as to the registered owners of the Debentures so redeemed; and provided further that the obligations created by the last two sentences of this paragraph Tenth shall not be deemed to terminate until performed. Upon any termination of this Agreement, whether in whole or in part, the Depositary shall make deliveries of certificates for Common Shares in accordance with the provisions of paragraph First hereof. If the Depositary shall be unable to make any delivery of a certificate for Common Shares within one year after it is obligated to deliver such certificates in accordance herewith, then the Depositary shall deliver such certificate to the Transfer Agent for Common Shares of the Company located in Toronto, Canada to be held for the account of the person to whom such delivery was to be made. The Depositary shall cause to be published at the expense of the Company prior to each such delivery to such Transfer Agent, in a newspaper of general circulation in Toronto, Canada and in such a newspaper in the Borough of Manhattan, The City of New York, a notice stating the names of the registered owners of the certificates so to be delivered.

ELEVENTH: The Company will pay or cause to be paid any stamp taxes or other Governmental charges payable upon the issuance or transfer and the deposit hereunder of the Common Shares and also any stamp taxes or other governmental charges payable on termination of this Agreement on the delivery of certificates for such Common Shares to the registered owners of Debentures bearing the endorsement referred to above.

IN WITNESS WHEREOF the parties hereto have affixed their corporate seals attested by the hands of their proper officers duly authorized in that behalf all as of the day and year first above written.

TRANS-CANADA PIPE LINES LIMITED

A. P. CRAIG
Vice President

(Corporate Seal)

N. JOHN McNEILL
Secretary

MONTREAL TRUST COMPANY,
as Depositary

J. G. HAXTON
Manager at Toronto

(Corporate Seal)

D. B. MACKLAIR
Assistant Manager

[CONFORMED COPY]

TRANS-CANADA PIPE LINES LIMITED

TO

MONTREAL TRUST COMPANY,
AS TRUSTEE.

Indenture

Dated as of January 1, 1957

5.85% Subordinated Debentures due 1987, Canadian Series

5.60% Subordinated Debentures due 1987, United States Series

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THIS INDENTURE dated as of the 1st day of January, 1957, by and between:

TRANS-CANADA PIPE LINES LIMITED, a company duly incorporated by Special Act of the Parliament of Canada, having its head office in the City of Calgary, in the Province of Alberta (hereinafter called the "Company"),

PARTY OF THE FIRST PART;

and

MONTREAL TRUST COMPANY, a trust company duly incorporated under the laws of the Province of Quebec, and having an office in the City of Toronto in the Province of Ontario (hereinafter called the "Trustee")

PARTY OF THE SECOND PART.

WITNESSETH THAT

WHEREAS, the Company deems it necessary to borrow funds for corporate purposes and desires to create an issue of its Subordinated Debentures, and to that end has duly authorized and created an issue of its Subordinated Debentures due 1987, to be issued in two series designated "5.85% Subordinated Debentures due 1987, Canadian Series" and "5.60% Subordinated Debentures due 1987, United States Series," respectively, all such Subordinated Debentures due 1987 to have the terms and provisions hereinafter set forth in this Indenture; and

WHEREAS, the holders from time to time of the Debentures issued hereunder, by acceptance of such Debentures, agree and consent that the rights of such holders are subordinated to Prior Indebtedness of the Company in accordance with and pursuant to this Indenture and such Deeds of Subordination as have been executed and delivered by the Trustee and such holders authorize the execution and delivery by the Trustee, pursuant to §4.08 hereof, of Deeds of Subordination in favor of the persons who shall at any time be or become holders of Prior Indebtedness; and

WHEREAS, all necessary proceedings of the Company have been duly taken and all other matters and things have been done and

performed to authorize the creation and issue of the Debentures and the execution of this Indenture, and to make the Debentures and this Indenture the legal, valid and binding obligations of the Company in accordance with the laws relating to the Company; and

WHEREAS, all the requirements of the Special Act of the Parliament of Canada, as amended, creating the Company and of the other laws relating to the Company and of the by-laws of the Company have been fully complied with and all other acts and things necessary to make this Indenture a valid, binding and legal instrument for the benefit of the holders of the Debentures, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH that for and in consideration of the premises and of the acceptance or purchase of the Debentures by the holders thereof and of the sum of one hundred dollars in lawful money of Canada to it in hand paid by the Trustee at or before the execution and delivery of this Indenture, the receipt whereof it hereby acknowledges, the Company covenants and agrees with the Trustee, for the equal benefit of all the present and future holders of the Debentures and coupons, without preference, priority or distinction of any of the Debentures or coupons over any of the others by reason of priority in time of issuance, negotiation or maturity thereof, or otherwise, as follows:

ARTICLE 1.

Definitions.

The terms defined in this Article 1 shall, for all purposes of this Indenture, have the meanings herein specified, unless the context otherwise specifies or requires. Unless herein otherwise defined, all terms used in this Indenture which are defined in the United States Trust Indenture Act of 1939 (as in force on the date of this Indenture), shall have the meanings assigned to them in said Act, unless the context otherwise specifies or requires.

Affiliate:

The term "affiliate" of any corporation shall mean any person directly or indirectly controlling, controlled by or under direct or indirect common control with such corporation. A person shall be deemed

to control a corporation, for the purpose of this definition, if such person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract, or otherwise.

Authorized newspaper:

The term "authorized newspaper", when used in connection with the name of a particular city, shall mean a newspaper customarily published at least once a day for at least five business days (other than legal holidays) per calendar week, printed in the English language and of general circulation in the city in connection with which the term is so used. Whenever successive publications in an authorized newspaper are required by any provision of this Indenture, such successive publications may be made in the same or in different authorized newspapers and, if required to be made in successive or separate calendar weeks, need not be made on the same day of each such calendar week.

Board of Directors:

The term "Board of Directors" shall mean either the Board of Directors of the Company, or whenever duly empowered, the Executive Committee of the Board of Directors.

Certified resolution:

The term "certified resolution" shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company, under its corporate seal, to have been duly passed by the Board of Directors and to be in full force and effect on the date of such certification.

Company:

The term "Company" shall mean the party of the first part hereto, Trans-Canada Pipe Lines Limited, and, subject to Article 14, shall also include its successors and assigns.

Corporation:

The term "corporation" shall also include voluntary associations and joint stock companies.

Coupons:

The term "coupons" shall mean the interest coupons appertaining to coupon Debentures.

Counsel:

The term "counsel" shall mean any barrister, solicitor or attorney or firm thereof, who may be of counsel to the Company, acceptable to the Trustee.

Debentureholders:

The term "Debentureholders" or "holders of the Debentures" or "holders" shall mean the bearers of any coupon Debentures, which are not at the time registered as to principal, and the registered owners of any registered Debentures.

Any reference to a particular percentage or proportion of the Debentureholders, or of the holders of Debentures of a particular series, or to holders of a particular percentage or proportion of the Debentures, or of Debentures of a particular series, shall mean the holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Debentures, or of Debentures of such series, as the case may be, then outstanding under this Indenture, exclusive of Debentures owned by the Company or other obligor upon the Debentures (whether or not theretofore issued) or by any affiliate of the Company or such obligor and whether held in the treasury of the Company or any such affiliate or pledged to secure any indebtedness; *provided, however*, that where such reference is made in connection with the protection of the Trustee, in acting upon the direction or consent of a specified percentage or proportion of Debentureholders, such Debentures shall be excluded only if known to the Trustee to be so owned; and provided further, that Debentures pledged in good faith may be regarded as outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures and that the pledgee is not an affiliate of the Company or such obligor.

For purposes of computing a particular percentage or proportion of all the Debentures, a particular principal amount of United States Series Debentures shall be considered as the equivalent of the same principal amount of Canadian Series Debentures.

Debentures:

The term "Debenture" or "Debentures" shall mean any Debenture or all the Debentures, as the case may be, certified and delivered under this Indenture.

The term "Canadian Series Debentures" shall mean any 5.85% Subordinated Debentures due 1987, Canadian Series; and the term "United States Series Debentures" shall mean any 5.60% Subordinated Debentures due 1987, United States Series.

The term "coupon Debenture" shall mean Debentures which are issued with coupons attached; the term "fully registered Debentures" shall mean Debentures registered as to both principal and interest; and the term "registered Debentures" shall include both coupon Debentures which are at the time registered only as to principal and fully registered Debentures.

The term "outstanding under this Indenture" or "outstanding hereunder" or "outstanding", when used with reference to Debentures, or Debentures of a particular series, shall mean as of any particular time all Debentures or all Debentures of such series, as the case may be, certified and delivered under this Indenture, except:

(a) Debentures cancelled at or prior to the particular time,

(b) Debentures for the payment or redemption of which cash in the necessary amount and currency shall have theretofore been deposited with the Trustee in trust (whether upon or prior to the maturity or the redemption date of such Debentures), provided that if such Debentures are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article 5 provided or provision therefor satisfactory to the Trustee shall have been made, and

(c) Debentures in lieu of and in substitution for which other Debentures shall have been certified and delivered pursuant to §2.09.

The term "issued", when used with respect to Debentures, shall mean sold or otherwise disposed of for value by the Company except by way of pledge unless the pledge shall have been realized.

Deed of Subordination:

The term "deed of subordination" shall mean any Deed of Subordination executed by the Trustee pursuant to the provisions of §4.08 hereof.

Deed of Trust and Mortgage:

The term "Deed of Trust and Mortgage" shall mean the proposed Deed of Trust and Mortgage between the Company and National Trust Company, Limited, as Trustee, in the form attached as an exhibit to the Bond Purchase Agreements referred to in §4.01 hereof until such Deed of Trust and Mortgage has been executed and delivered, and thereafter in the form in which such Deed of Trust and Mortgage was executed and delivered, together with any amendments or supplements thereto which are thereafter executed and delivered.

Designated Representative:

The term "Designated Representative" shall mean, as applied to the First Mortgage Pipe Line Bonds, the trustee under the Deed of Trust and Mortgage; and, as applied to any class of Other Prior Indebtedness which shall have been issued under an indenture, the trustee or trustees under such indenture, except that, if any other person shall be designated in writing to the Trustee by the holders of a majority of the outstanding principal amount of such class of Other Prior Indebtedness, such person shall be the Designated Representative of such class, and, as applied to any other class of Other Prior Indebtedness, the person designated in writing to the Trustee by the holders of a majority in outstanding principal amount thereof, or, in the absence of such designation, the person designated in writing to the Trustee by the Company.

Dollar:

Except as otherwise expressly provided herein, the term "dollar" and the sign "\$", when used without express reference to any country or currency, and the term "Canadian dollar", shall mean a dollar in lawful money of Canada at the particular time specified in respect thereof. The term "United States dollar" shall mean a dollar in any coin or currency of the United States of America which at the particular

time specified in respect thereof shall be legal tender for the payment of public and private debts in the United States of America.

First Mortgage Pipe Line Bonds:

The term "First Mortgage Pipe Line Bonds" shall mean the First Mortgage Pipe Line Bonds issued and outstanding under the Deed of Trust and Mortgage.

Indebtedness:

The term "Indebtedness", as to any corporation, shall mean and include (i) all items of indebtedness or liability which in accordance with sound accounting practice would be included in determining total liabilities as shown on the liability side of a balance sheet at the time as of which indebtedness is to be determined, including, without limitation, amounts borrowed by way of overdraft; (ii) the full amount of all indebtedness guaranteed or endorsed, otherwise than for purposes of collection, by such corporation, or which such corporation is obligated, contingently or otherwise, to purchase or otherwise acquire, or on which such corporation is otherwise contingently liable; and (iii) indebtedness secured by purchase money liens on property owned by such corporation or by mortgages or liens existing on such property at the time of acquisition thereof by such corporation or by conditional sales or other title retention agreements with respect to any such property, whether or not such liabilities shall have been assumed by such corporation.

Indenture:

The term "Indenture" shall mean this instrument and all indentures supplemental hereto and the expressions "herein", "hereof" and similar expressions refer to the Indenture as so defined and not to any particular Article, Section, clause, subdivision or other portion hereof.

Independent Chartered Accountants and sound accounting practice:

The term "Independent Chartered Accountants" shall mean any chartered accountant in Canada or certified public accountant in the United States or firm of chartered accountants in Canada or certified public accountants in the United States of recognized standing, selected or approved by the Board of Directors of the Company and

satisfactory to the Trustee, which is in fact independent. The acceptance of the certificate of an accountant by the Trustee shall be sufficient evidence that such accountant is satisfactory to the Trustee. The term "sound accounting practice" shall mean principles and practices of accounting generally accepted by chartered accountants of recognized standing in Canada.

Net Income of the Company:

The term "Net Income of the Company" shall mean the net earnings, income and profits of the Company (exclusive of profits realized and losses sustained from the sale or other disposition of capital assets) determined after deduction of all expenses and charges of every proper character, including, but not limited to, interest, amortization of debt discount and expense, if any, reasonable provision for abandonment and depreciation (upon the straight-line method, based upon the estimated useful life of the properties involved used by the Company in its computations), taxes or reserves for taxes (including appropriate reserves for taxes that would be payable if such reasonable provision for abandonment and depreciation was used as a deduction in computing taxable income), amounts appropriated under any plan for extra compensation for, or pension of, officers and employees, and usual and proper reserves, all determined in good faith and in accordance with sound accounting practice; provided, however, that in the event the Company shall sell or transfer any of its assets, which at the time of transfer have a fair value in excess of \$500,000, to another corporation all of the voting shares (except directors' qualifying shares) of which are owned by the Company, the term "Net Income of the Company" shall mean the consolidated net earnings, income and profits of the Company and of such corporation or corporations determined as above provided.

Note Purchase Agreement:

The term "Note Purchase Agreement" shall mean the agreement dated as of January 1, 1957 between the Company, certain shareholders of the Company, the Trustee and National Trust Company, Limited as Trustee under the Deed of Trust and Mortgage, relating to the purchase of 5½% Subordinated Convertible Income Notes due 1987 of the Company.

Officers' certificate:

The term "officers' certificate" shall mean a certificate signed and verified by the President or one of the Vice-Presidents and by the Treasurer or one of the Assistant Treasurers or by the Secretary or one of the Assistant Secretaries of the Company and conforming to the requirements of §17.03.

Opinion of counsel:

The term "opinion of counsel" shall mean an opinion or opinions in writing signed by counsel and conforming to the requirements of §17.03.

Other Prior Indebtedness:

The term "Other Prior Indebtedness" shall mean Prior Indebtedness other than the principal of and the premium, if any, and interest on all First Mortgage Pipe Line Bonds at any time outstanding.

Outstanding:

The term "outstanding", when used with respect to Debentures, shall have the meaning specified in the definition of Debentures, and, when used with respect to any other indebtedness of the Company, shall mean indebtedness then or theretofore created or assumed by the Company, except

(a) All indebtedness theretofore paid or the evidences of which shall have been re-acquired by the Company;

(b) Indebtedness for the payment of which moneys in the necessary amount and currency shall have been irrevocably deposited in trust with the Trustee hereunder or with some other bank or trust company, provided that if any such indebtedness is to be paid prior to the maturity thereof, necessary notice of such payment shall, according to an opinion of counsel furnished to the Trustee, have been published or otherwise given or provision satisfactory to the Trustee shall have been made therefor.

Prior Indebtedness:

The term "Prior Indebtedness" shall mean (i) the principal of and premium, if any, and interest on all First Mortgage Pipe Line Bonds at any time outstanding, (ii) the principal of and premium,

if any, and interest on the promissory notes referred to in §4.01, and (iii) the principal of and premium, if any, and interest on Indebtedness of the Company (other than Subordinated Debt) which is for money borrowed by the Company or for money borrowed by others and which Indebtedness is guaranteed or assumed by the Company, and whether now existing or hereafter incurred (including, without limitation, Indebtedness (other than Subordinated Debt) of a successor corporation issued in exchange for or replacement of Prior Indebtedness of the Company, but excluding the Debentures), *provided, however*, that Indebtedness shall not be deemed to constitute Prior Indebtedness unless by the terms of the instrument evidencing or creating the same, or under or pursuant to which the same is issued or outstanding, it is specifically provided that such Indebtedness is Prior Indebtedness hereunder and is superior in right of payment of principal of and premium, if any, on interest on the Debentures.

Prior Indebtedness Default:

The term "Prior Indebtedness Default" shall mean the occurrence of any event which would permit the holder or holders of any class of Prior Indebtedness or its or their Designated Representative to declare such Prior Indebtedness due and payable prior to the stated maturity thereof.

Registered owner:

The term "registered owner" or "registered holder" shall mean the person or persons in whose name or names a particular registered Debenture shall be registered on the books of the Company kept for that purpose in accordance with the terms of this Indenture.

Responsible officers of the Trustee:

The term "responsible officers of the Trustee" shall mean the chairman of the board of directors, the president, every vice-president, the secretary, the treasurer, every trust officer, and every other officer and assistant officer of the Trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, or familiarity with, a particular subject.

Sinking Fund Net Income:

The term "Sinking Fund Net Income" for any fiscal year shall mean the sum of (i) Net Income of the Company for such fiscal year,

and (ii) all amounts provided during such fiscal year for depreciation and amortization; less the sum of (A) all amounts accrued during such fiscal year for payments for sinking, purchase or analogous funds in respect of Prior Indebtedness, (B) all amounts paid during such fiscal year to the trustee under the Deed of Trust and Mortgage pursuant to the provisions of §5.23 thereof, and (C) all principal of and premium, if any, in respect of Prior Indebtedness which shall have become due and payable or shall have been paid in such fiscal year, other than principal and premium, if any, paid or payable as a result of the voluntary redemption or prepayment of Prior Indebtedness, and other than amounts deducted pursuant to (A) hereof in computing Sinking Fund Net Income for such fiscal year, and other than principal and premium, if any, which shall have been deducted in any prior fiscal year in computing Sinking Fund Net Income for such prior fiscal year; *provided, however*, that if Sinking Fund Net Income shall show a deficit for any fiscal year, such deficit shall be carried forward to and be offset against Sinking Fund Net Income in the succeeding fiscal year or years.

Subordinated Debt:

The term "Subordinated Debt" shall mean the aggregate of all items of indebtedness of the Company which are or shall be subordinated to the Debentures with respect to the right of payment of the principal of, and premium, if any, and interest thereon and shall include the Subordinated Notes issuable under the Note Purchase Agreement.

Subordinated Notes:

The term "Subordinated Notes" shall mean the 5½% Subordinated Convertible Income Notes due 1987 of the Company issuable under the Note Purchase Agreement.

Supplemental indenture:

The term "supplemental indenture" or "indenture supplemental hereto" shall mean any indenture hereafter duly authorized and entered into in accordance with the provisions of this Indenture.

Trustee:

The term "Trustee" shall mean Montreal Trust Company, or the trustee under this Indenture for the time being, whether original or successor.

Trust Indenture Act of 1939:

The term "Trust Indenture Act of 1939" shall mean the United States Trust Indenture Act of 1939 as it was in force on the date of this Indenture.

Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders, and words importing persons shall include firms and corporations and vice versa.

ARTICLE 2.

**Form, Execution, Delivery, Registration and
Exchange of Debentures.**

§2.01. The Debentures shall be issued in two series, designated as "5.85% Subordinated Debentures due 1987, Canadian Series" and "5.60% Subordinated Debentures due 1987, United States Series," respectively. The Debentures, the coupons, the Trustee's certificate and the counter-signature of a registrar shall be in the respective forms set forth in Schedules A, B and C hereto. All the Debentures of both series shall mature on January 1, 1987. The principal of and interest on the Canadian Series Debentures shall be payable in Canadian dollars and the principal of and interest on the United States Series Debentures shall be payable in United States dollars. Interest shall accrue on the Canadian Series Debentures at the rate of 5.85% per annum and on the United States Series Debentures at the rate of 5.60% per annum. Interest on both series of Debentures shall be payable semi-annually on January 1 and July 1 in each year until the principal amount thereof shall have become due and payable, and at the same rate on any overdue interest or overdue principal.

The principal of and the interest on the Debentures shall be payable in Canada at any branch of The Royal Bank of Canada or The Canadian Bank of Commerce, and in the United States at the offices of The Royal Bank of Canada Trust Company or The Canadian Bank of Commerce Trust Company in the Borough of Manhattan, The City of New York; such banks are sometimes hereinafter referred to as "paying agents".

In the case of fully registered Debentures, as the interest on such Debentures matures (except interest payable at maturity or on redemption which shall be paid upon presentation and surrender of such Debentures for payment) the Company shall forward or cause to be forwarded, postage prepaid, to the registered holder, at his address appearing on the appropriate register, a warrant or check for such interest (less any tax required to be deducted) payable to the order of such holder and negotiable at par at each of the places at which interest upon such Debentures is payable. The forwarding of such warrant or check, as the case may be, shall satisfy and discharge the liability for the interest upon such Debentures to the extent of the sums represented thereby (plus the amount of any tax deducted as aforesaid) unless such warrant or check be not paid on presentation, provided that in the event of the non-receipt of such warrant or check by the registered holder, or the loss or destruction thereof, the Company upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it shall issue to such registered holder a replacement warrant or check for the same amount.

Any of the Debentures may be issued with appropriate insertions, omissions, substitutions and variations, and may have such legends or endorsements printed or otherwise endorsed thereon as may be required to comply with any law or the rules of any securities exchange or of any governmental commission, or to conform to any usage with respect thereto; and the Board of Directors, by resolution, may amend any legends or endorsements on Debentures then outstanding so as to comply with any such law or rules or so as to conform to any such usage. Coupon Debentures shall contain an appropriate space for registration thereof as to principal.

§2.02. Each coupon Debenture shall be dated January 1, 1957 and shall bear interest from said date. Each fully registered Debenture shall be dated January 1, 1957 and shall bear interest from January 1, 1957 or from the last interest payment date on which interest was paid, whichever is later.

§2.03. The Debentures shall be issued and delivered originally as fully registered Debentures. No coupon Debenture shall be issued and delivered prior to January 1, 1960, or such earlier date, but not

earlier than November 1, 1958, as may be fixed by the Board of Directors. Fully registered Debentures shall be issued in the denominations of \$100 and any multiple thereof, and coupon Debentures shall be issued in the denominations of \$500 and \$1,000, all such denominations to be expressed in Canadian dollars in the case of Canadian Series Debentures and in United States dollars in the case of United States Series Debentures. The issuance and delivery of any Debenture by the Company shall be conclusive evidence of the authorization by the Company of the denomination of such Debenture.

§2.04. Each Debenture shall be under the seal of the Company and shall be signed (either manually or by facsimile signature) by the President or a Vice President and by the Secretary or an Assistant Secretary. Each coupon shall be signed (either manually or by facsimile signature) by the Treasurer of the Company. A facsimile signature upon any of the Debentures or coupons shall for all purposes of this Indenture be deemed to be the signature of the person whose signature it purports to be and notwithstanding that any person whose signature, either manual or in facsimile, may appear on the Debentures or coupons is not at the date of this Indenture or at the date of the Debentures or coupons or at the date of the certifying and delivery thereof the President, a Vice President, the Treasurer, the Secretary or an Assistant Secretary as the case may be, of the Company, such Debentures or coupons, as the case may be, shall be valid and binding upon the Company and entitled to the benefits of this Indenture.

No Debenture shall be issued or if issued shall be obligatory or shall entitle the holder to the benefits of this Indenture until it has been certified by or on behalf of the Trustee and countersigned and dated as of the time of countersignature by a Registrar substantially in the form set out in Schedule C hereto. Such certification and countersignature on any Debenture shall be conclusive evidence that it is duly issued, is a valid obligation of the Company and is entitled to the benefits hereof.

Except as otherwise provided in §§2.06, 2.07 and 2.10 and as may be otherwise permitted by §2.09, before certifying or delivering any coupon Debenture the Trustee shall cut off and cancel all coupons thereto appertaining then matured except matured coupons for interest not paid.

§2.05. The Company shall cause to be kept by, and at the office of, the Trustee in Montreal, Toronto, Winnipeg, Calgary, and Vancouver and by, and at the principal trust office of, The First National City Bank of New York in the Borough of Manhattan, The City of New York, sufficient facilities for the registration and transfer of Debentures and upon presentation for such purpose at any such office, the Company will register or cause to be registered, and permit to be transferred, under such reasonable regulations as it and the Trustee may prescribe, Debentures issued under this Indenture. The Company hereby appoints Montreal Trust Company and The First National City Bank of New York as agents of the Company with the title of Registrar for such registration and transfer; each such appointment to continue unless and until the Company shall by written notice to the Trustee and to said Registrar signed by its President or a Vice President designate some other Registrar with offices in the same city or cities as the Registrar being replaced.

The holder of any coupon Debenture may have the fact of his ownership of the principal thereof registered at any one of said offices. Every such registration shall be noted on the Debenture. While a coupon Debenture is registered as to principal, no transfer of such Debenture shall be valid unless made at any one of said offices by the registered holder in person or by attorney thereunto duly authorized, and similarly noted on such Debenture. The registered holder of any coupon Debenture registered as to principal, shall also have the right to cause the same to be registered as payable to bearer, in which case such Debenture shall be transferable by delivery, and thereafter the principal of such Debenture when due shall be payable to the person presenting the same for payment. Successive registrations and transfers as aforesaid may be made from time to time as desired, and each such registration or transfer shall be noted on the Debenture. The registration of any coupon Debenture shall not, however, affect the negotiability by delivery only of the coupons appertaining to such Debenture; and every such coupon shall continue to pass by delivery and shall remain payable to bearer and payment thereof to bearer shall fully discharge the Company in respect to the interest therein mentioned whether or not such Debenture be registered as to principal.

All coupon Debentures not registered as to principal shall be negotiable and pass by delivery.

§2.06. Whenever any coupon Debenture or any coupon Debentures of the same series, duly endorsed or accompanied by an appropriate instrument or instruments of assignment and transfer if registered as to principal and if so required by the Company or the Registrar, together with all coupons thereto appertaining which are then unmatured and any matured coupons in respect of which the Company shall then be in default, shall be surrendered to the Company at the office of any Registrar, for exchange for one or more fully registered Debentures, the Company shall exchange for such coupon Debenture or Debentures a fully registered Debenture or Debentures, as the case may require, for a like aggregate principal amount, of the same series as the Debentures being exchanged and of such authorized denomination or denominations as may be requested. Whenever, on or after January 1, 1960 or such earlier date, but not earlier than November 1, 1958, as may be fixed by the Board of Directors, any fully registered Debenture or any fully registered Debentures of the same series, duly endorsed or accompanied by a proper instrument or instruments of assignment and transfer if so required by the Company or the Registrar, shall be surrendered to the Company at the office of any Registrar for exchange for one or more coupon Debentures, the Company shall exchange for such fully registered Debenture or Debentures a coupon Debenture or coupon Debentures, as the case may be, for a like aggregate principal amount, of the same series as the Debentures being exchanged and of such authorized denomination or denominations as may be requested. Coupon Debentures so delivered and exchanged shall have attached thereto all unmatured coupons thereto appertaining and all matured coupons thereto appertaining for the interest thereon, if any, in default. Whenever any fully registered Debenture or any fully registered Debentures of the same series shall be surrendered to the Company as aforesaid for transfer, duly endorsed or accompanied by a proper instrument or instruments of assignment and transfer thereof, or for exchange for one or more fully registered Debentures, duly endorsed or accompanied by instruments of assignment and transfer if so required by the Company or the Trustee, the Company shall exchange therefor a fully registered Debenture or fully registered Debentures, as the case may require, for a like aggregate principal amount of the same series as the Debentures being exchanged or transferred and of such authorized denomination or denominations

as may be requested. The transfer of any registered Debenture shall not be valid unless made at any of the offices referred to in §2.05, by the registered holder in person, or by attorney thereunto duly authorized and, in the case of a coupon Debenture registered as to principal, unless such transfer shall have been noted on such Debenture by a Registrar.

For any exchange or transfer of Debentures the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or expense connected therewith, and also, in case of any exchange, of a further sum not exceeding two dollars for each new Debenture delivered upon such exchange; provided, however, that the Company shall not require the payment of any sum (other than transfer taxes, if any) in connection with the exchange of a fully registered Debenture for a coupon Debenture if such fully registered Debenture was outstanding at the time of the first certification and delivery of a coupon Debenture hereunder. Neither the Trustee nor the Company shall be required to make transfers or exchanges of Debentures for a period of 21 days next preceding any interest payment date or next preceeding any designation of Debentures to be redeemed. Neither the Trustee nor the Company shall be required to make transfers and exchanges of Debentures which have been designated for redemption.

§2.07. Until definitive Debentures of any series shall be prepared, the Company may execute, and the Trustee shall certify and deliver, in lieu of definitive Debentures of such series and subject to the same limitations and conditions-as are provided in this Indenture in respect of the execution, certification, counter-signature and delivery of definitive Debentures, one or more temporary printed or lithographed Debentures of such series of such denominations as shall be specified in the order or orders of the Company for the certification, counter-signature and delivery thereof, registered, and conforming generally to the forms of the Debenture of such series set forth in Schedule A or Schedule B hereto, as the case may be, and with appropriate omissions, insertions, substitutions and variations as may be required. Such temporary Debentures shall be exchangeable at any of the offices referred to in §2.05, for definitive Debentures of the same series as the temporary Debentures being exchanged, when definitive

Debentures shall be ready for delivery; and, upon the surrender of any temporary Debenture for exchange, the Company, at its own expense, shall exchange therefor a definitive Debenture or definitive Debentures as the case may require, for a like aggregate principal amount, of the same series as the temporary Debentures being exchanged and of such authorized denomination or denominations as may be requested. Until so exchanged, the temporary Debentures shall in all respects be entitled to the same benefits of this Indenture as the definitive Debentures.

Definitive Debentures shall be either printed, or lithographed on steel engraved borders or shall be fully engraved, as the Company may elect.

§2.08. The Company, the Trustee and any paying agent may deem and treat the bearer of any coupon as the absolute owner of such coupon for the purpose of receiving payment thereof and for all other purposes whatsoever. The Company, the Trustee and any paying agent may deem and treat the bearer of any coupon Debenture not registered as to principal as the absolute owner of such Debenture for the purpose of receiving payment thereof and for all other purposes whatsoever. The Company, the Trustee, any paying agent and any Registrar may deem and treat the registered holder of any registered Debenture as the absolute owner of such Debenture for all purposes whatsoever except the payment of coupons, if any, appertaining thereto. The provisions of this Section shall not be affected by any notice to the Company, the Trustee, any paying agent or any Registrar.

§2.09. In case any Debenture shall become mutilated or be destroyed, lost or stolen, then upon the conditions hereinafter set forth the Company in its discretion may deliver a new Debenture of like tenor, date, maturity and principal amount, of the same series, and with like coupons, if any, attached thereto, in exchange and substitution for and upon surrender and cancellation of the mutilated Debenture or in lieu of and substitution for the Debenture and its coupons, if any, so destroyed, lost or stolen; *provided, however*, that if any such mutilated, destroyed, lost or stolen Debenture or any coupon shall have matured or shall have been called for redemption, the Company may, instead of issuing a substituted Debenture or coupon therefor, pay such

Debenture or coupon without requiring the surrender thereof. The applicant for such substituted Debenture shall furnish to the Company and to the Trustee evidence satisfactory to them, in their discretion, of the ownership of and the destruction, loss or theft of such Debenture and its coupons, if any, and shall furnish to the Company and to the Trustee indemnity satisfactory to them, in their discretion, and, if required, shall reimburse the Company for all expenses (including counsel fees) in connection with the preparation, certification, counter-signature and delivery of such substituted Debenture, and shall comply with such other reasonable regulations as the Company and the Trustee, or either of them, may prescribe.

§2.10. In case the Company pursuant to the provisions of Article 14 hereof shall be consolidated with or merged into any other corporation or shall convey or transfer its property and assets, as an entirety or substantially as an entirety, and the successor corporation resulting from such consolidation or into which the Company shall have been merged, or which shall have received a conveyance or transfer as aforesaid, shall have executed and delivered to the Trustee an indenture pursuant to the provisions of Article 14 hereof, the Debentures issued under this Indenture prior to such consolidation, merger, conveyance or transfer may from time to time at the request of the successor corporation and with the consent of the holders thereof be exchanged for other Debentures executed in the name and under the seal of the successor corporation, with such changes in phraseology and form as may be appropriate, but in substance of like tenor as the Debentures surrendered for exchange and of like principal amount; and the Trustee upon the request of the successor corporation shall certify Debentures as specified in such request for the purpose of such exchange and shall deliver them upon surrender of the Debentures so to be exchanged. All coupon Debentures so surrendered and all coupon Debentures delivered in exchange therefor shall be accompanied by all unmatured coupons appertaining thereto as well as matured coupons appertaining thereto representing interest not paid. All registered Debentures so surrendered shall be accompanied by written instruments of transfer duly executed by the registered owner or his duly authorized attorney if deemed necessary by the Trustee. All Debentures so executed in the name and under the seal of the successor

corporation and certified and delivered shall in all respects have the same legal rights as the Debentures executed in the name of the Company and surrendered upon such exchange with like effect as if the Debentures so delivered in the name of the successor corporation had been made, certified and issued hereunder on the date hereof and subordinated to the holders of Prior Indebtedness in accordance with the terms hereof.

§2.11. In case the name of the Company is changed, the Debentures issued under this Indenture subsequent to such change of name may be issued, certified and delivered under such new name with such changes in phraseology or form as may be appropriate.

ARTICLE 3.

Issue of Debentures.

§3.01. The aggregate principal amount of Debentures which may be certified and delivered under this Indenture shall not, except as permitted by the provisions of §§2.05, 2.06, 2.07, 2.09, 2.10 and 5.02, exceed \$75,000,000, of which \$54,166,700 principal amount shall be Canadian Series Debentures and \$20,833,300 principal amount shall be United States Series Debentures. Except as expressly provided herein, all Debentures and coupons shall in all respects be equally and rateably entitled to the benefits hereof without preference, priority or distinction on account of the actual time or times of the certification and delivery of the Debentures or coupons, or any of them.

§3.02. At any time after the execution and delivery of this Indenture the Company may execute and deliver to the Trustee for certification, a principal amount of Debentures of either series not in excess of the principal amount of such series specified in §3.01, for the purposes of original issue. The Trustee, without any further action upon the part of the Company, shall certify such Debentures and deliver them as directed by the written order of the Company signed by its President or a Vice President and by its Secretary or one of its Assistant Secretaries.

ARTICLE 4.**Subordination of Debentures to Prior Indebtedness.**

§4.01. The Company represents that it has entered into sixty-three agreements dated February 11, 1957 (herein called the "Bond Purchase Agreements") with certain investors, pursuant to which said investors have agreed, subject to the terms of their respective Bond Purchase Agreements, to purchase from the Company \$80,990,000 (U.S.) aggregate principal amount of its First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978 and \$23,010,000 aggregate principal amount of its First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978, all to be issued by the Company and to be secured by the Deed of Trust and Mortgage.

The Company also represents that it has entered into a bank credit agreement dated as of February 11, 1957 (herein called the "Bank Credit Agreement") with The First National City Bank of New York, Mellon National Bank and Trust Company and J. P. Morgan & Co. Incorporated, pursuant to which said banks have agreed, subject to the terms of the Bank Credit Agreement, to lend to the Company an aggregate of \$20,000,000 (U.S.) against the delivery of the Company's 5¼% promissory notes due 1962. Such notes are to be secured by the pledge of \$20,000,000 (U. S.) principal amount of First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978 of the Company.

The Bond Purchase Agreements and the Bank Credit Agreement, copies of all of which have been delivered to the Trustee by the Company, require, as consideration, in part, for the loans to be made pursuant to such Agreements, the subordination provided for in this Article 4 and in the Debentures.

The Company, promptly after the execution of the Deed of Trust and Mortgage, shall deliver to the Trustee a true copy thereof certified as such by the Secretary or an Assistant Secretary of the Company.

§4.02. The Company covenants and agrees, and each holder of any Debenture or coupon by his acceptance thereof likewise covenants and agrees and shall be conclusively deemed to have covenanted and agreed, that the principal of and interest on the Debentures are hereby expressly subordinated, in all respects, in the manner hereinafter set forth, to the prior payment in full first of the First Mortgage Pipe Line Bonds in accordance with the terms of such Bonds, and second of

Other Prior Indebtedness in accordance with the terms of such Prior Indebtedness; and each holder of any Debentures or coupons by his acceptance thereof expressly authorizes, and shall be conclusively deemed to have authorized, the Company in connection with any Indebtedness (other than Subordinated Debt or the Debentures or coupons) hereafter incurred, which is for money borrowed by the Company or for money borrowed by others and which Indebtedness is guaranteed or assumed by the Company, to provide that such Indebtedness when created, guaranteed, or assumed shall constitute Other Prior Indebtedness within the meaning hereof and that the Debentures and coupons are subordinated thereto as in this Indenture and in the Debentures provided.

§4.03. In the event of any payment or distribution of assets of the Company upon any dissolution or winding-up or liquidation or scheme of arrangement (or reorganization equivalent thereto) of the Company, whether pursuant to the Companies' Creditors Arrangement Act, the Bankruptcy Act, the Winding-up Act, or any bankruptcy, insolvency or analogous law, of Canada or the United States, or of any province or state thereof or otherwise, or in the event of an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company for the benefit of creditors, the Company and each holder of any Debenture or coupon, by his acceptance thereof, and the Trustee, insofar as this §4.03 shall specifically impose any duties or obligations on it, agree that:

(a) the holders of all First Mortgage Pipe Line Bonds shall first be entitled to receive payment in full, in accordance with the terms of such Bonds, of the principal thereof and premium, if any, and interest thereon and the holders of Other Prior Indebtedness shall then be entitled to receive payment in full, in accordance with the terms of such Indebtedness, of the principal thereof and premium, if any, and interest thereon, before the holders of the Debentures shall be entitled to receive any payment upon the principal of or interest on the Debentures; and

(b) the holders of the Debentures and coupons by the acceptance thereof assign to the Designated Representative of the holders of First Mortgage Pipe Line Bonds, for the purposes and to the extent set forth in this subsection (b), all their right, title and

interest to and in any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holders of the Debentures or coupons or the Trustee (for their benefit) would be entitled except for the provisions of this §4.03, and the holders of the Debentures and coupons authorize and direct the Trustee to take such steps as may be necessary or appropriate to entitle the Designated Representative of the holders of First Mortgage Pipe Line Bonds to receive such payment or distribution from the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, all to the extent necessary to provide for payment of all First Mortgage Pipe Line Bonds in full, in accordance with the terms of such Bonds, prior to any payment upon the principal of or interest on the Debentures; and

(c) subject to the assignment for the benefit of the holders of the First Mortgage Pipe Line Bonds provided for in subsection (b) of this §4.03, the holders of the Debentures and coupons by the acceptance thereof assign to the holders of Other Prior Indebtedness or the Designated Representatives thereof, for the purposes and to the extent set forth in this subsection (c), all their right, title and interest to and in any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holders of the Debentures or coupons or the Trustee (for their benefit) would be entitled except for the provisions of this §4.03, and the holders of the Debentures or coupons authorize and direct the Trustee to take such steps as may be necessary or appropriate to entitle the holders of Other Prior Indebtedness or their Designated Representatives to receive such payment or distribution from the liquidating trustee or agent or other person making such payment or distribution whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, rateably according to the aggregate amounts remaining unpaid on the Other Prior Indebtedness held or represented by each, all to the extent necessary to provide for payment of all Other Prior Indebtedness in full, in accordance with the terms of such Indebtedness, after payment of all First Mortgage Pipe

Line Bonds in full, in accordance with the terms of such Bonds, but prior to any payment upon the principal of or interest on the Debentures; and

(d) subject to the provisions of §4.06, in the event that, notwithstanding the provisions of subsections (a), (b) and (c) of this §4.03, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, shall be received by the Trustee before all Prior Indebtedness shall have been paid in full, in accordance with the terms of such Indebtedness, such payment or distribution shall be held in trust for the benefit of, and shall be paid over to, first the Designated Representative of the holders of the First Mortgage Pipe Line Bonds to the extent necessary to pay all First Mortgage Pipe Line Bonds in full, in accordance with the terms of such Bonds, and second the Designated Representatives of the holders of Other Prior Indebtedness, rateably according to the aggregate amount remaining unpaid on such Indebtedness represented by each, to the extent necessary to pay all Other Prior Indebtedness in full, in accordance with the terms of such Indebtedness; and

(e) subject to the provisions of §4.06, in the event that, notwithstanding the provisions of subsections (a), (b) and (c) of this §4.03, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, shall be received by any one or more holders of the Debentures or coupons before all Prior Indebtedness shall have been paid in full, in accordance with the terms of such Indebtedness, such payment or distribution shall be paid over to first the Designated Representative of the holders of the First Mortgage Pipe Line Bonds to the extent necessary to pay all First Mortgage Pipe Line Bonds in full, in accordance with the terms of such Bonds, and second the Designated Representatives of the holders of Other Prior Indebtedness, rateably according to the aggregate amount remaining unpaid on such Indebtedness represented by each, to the extent necessary to pay all Other Prior Indebtedness in full, in accordance with the terms of such Indebtedness; and

(f) whenever all First Mortgage Pipe Line Bonds and all Other Prior Indebtedness shall have been paid in full, in accord-

ance with the respective terms thereof, the holders of the Debentures and coupons shall be entitled to receive payment from any assets then available for such payment.

The consolidation of the Company with or the merger of the Company into another corporation or the sale, transfer or lease of its property as an entirety, or substantially as an entirety to another corporation upon the terms and conditions provided in Article 14 hereof, shall not be deemed a winding-up for the purposes of this §4.03, if such other corporation shall, as a part of such consolidation, merger, transfer, sale or lease comply with the conditions stated in Article 14 hereof.

§4.04. In the event that a Prior Indebtedness Default shall have occurred and be continuing, the Company and each holder of any Debenture or coupon, by his acceptance thereof, and the Trustee, insofar as this §4.04 shall specifically impose any duties or obligations upon it, agree that:

(A) the Company shall not purchase any Debentures or coupons or make any payment of the principal of or interest on the Debentures, except (i) sinking fund payments made by the deposit with the Trustee of Debentures acquired by the Company prior to notice that a Prior Indebtedness Default has occurred and is continuing, (ii) the redemption of Debentures with funds deposited with the Trustee prior to notice that a Prior Indebtedness Default has occurred and is continuing and less than 35 days prior to the redemption date, (iii) interest on the Debentures paid from funds deposited with the Trustee prior to notice that a Prior Indebtedness Default has occurred and is continuing and less than 10 days prior to the interest payment date, and (iv) interest accruing on the Debentures through December 31, 1958 and paid from funds deposited in trust with the Trustee, substantially concurrently with the initial certification and delivery of Debentures hereunder; and

(B) if the Trustee shall receive from the Company or shall hold any amount for payment of the principal of or interest on the Debentures or as a sinking fund for the Debentures, except payments permitted pursuant to clauses (i), (ii), (iii) and (iv) of the preceding subsection (A), then, subject to the provisions of §4.06 hereof, (i) the Trustee shall hold such amount, first in trust for the benefit of the Designated Representative of the holders of the First Mortgage Pipe Line Bonds to the extent of the aggre-

gate principal thereof remaining unpaid at either the time of receipt by the Trustee of such amount from the Company or the time of the occurrence of such Prior Indebtedness Default which ever is later, and second in trust for the benefit of the Designated Representatives of the holders of Other Prior Indebtedness, rateably according to, and to the extent of, the aggregate principal of each class remaining unpaid at such later time; (ii) the Trustee shall from time to time pay over to the Designated Representative of the holders of First Mortgage Pipe Line Bonds, from the amount so held in trust, so much as shall at the time of such payment by the Trustee have become due of the principal and premium, if any, and interest thereon, or, if the amount so due shall be greater than the amount so held in trust, then the entire amount so held; and (iii) after payment of all First Mortgage Pipe Line Bonds in full, in accordance with the terms of such Bonds, the Trustee shall from time to time pay over to the Designated Representatives of each class of Other Prior Indebtedness, from the amount so held in trust for the benefit of such class, so much as shall at the time of such payment by the Trustee have become due of the principal and premium, if any, and interest on such class, or, if the amount so due shall be greater than the amount so held in trust for the benefit of such class, then the entire amount so held; *provided, however*, that if such Prior Indebtedness Default, and all other Prior Indebtedness Defaults that shall have occurred, shall be cured or waived, and all amounts that shall have become due for principal of, premium, if any, and interest on, all Prior Indebtedness shall have been paid (whether by the Company or by application by the Trustee as aforesaid), and the Trustee shall have received an Officers' Certificate to that effect from the Company and either (x) shall have received a similar certificate from the Designated Representative of each class of Prior Indebtedness as to the payment in full of all amounts due in respect of such class, or (y) shall not, within 10 days after written request by the Trustee to each such Designated Representative, have received a statement to the contrary from any such Designated Representative, such trusts for the benefit of the holders of Prior Indebtedness and their Designated Representatives shall terminate and any amounts still held by the Trustee shall be applied by

it for the purposes for which they shall have been received from the Company as aforesaid. In the event that the Trustee shall make any payment to any Debentureholder contrary to the provisions of this Clause (B), then, subject to the provisions of §4.06 hereof, such Debentureholder shall repay any amount so received to the Trustee, to be held and applied by the Trustee in accordance with the provisions of this Clause (B). The Trustee shall have no obligation to institute a suit, action or proceeding at law or in equity to recover such amount unless the Designated Representative of any class of Prior Indebtedness or any holders thereof shall have made written request upon the Trustee to institute such suit, action, or proceeding and shall have offered to the Trustee reasonable indemnity and security against the costs, expenses and liabilities to be incurred therein or thereby.

§4.05. Subject to the payment in full of all First Mortgage Pipe Line Bonds in accordance with the terms of such Bonds and of all Other Prior Indebtedness, in accordance with the terms of such Indebtedness, the holders of the Debentures and coupons shall be subrogated to the rights of the holder or holders of the First Mortgage Pipe Line Bonds and Other Prior Indebtedness to receive payments or distributions of assets of the Company applicable to such First Mortgage Pipe Line Bonds and Other Prior Indebtedness, to the extent of the application thereto of moneys or other assets which would have been received by the holders of Debentures and coupons but for the provisions of this Article 4, until the principal of and interest on the Debentures shall be paid in full; it being understood that the provisions of this Article 4 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures and coupons, the first Mortgage Pipe Line Bonds and of Other Prior Indebtedness, and nothing in this Article 4 or elsewhere in this Indenture or in the Debentures or coupons is intended to or shall impair the obligation of the Company, subject to the rights of the holders of the Prior Indebtedness, to pay to the holders of the Debentures the principal of and interest on the Debentures as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the holders of the Debentures or coupons and creditors of the Company other than the holders of Prior Indebtedness, nor shall anything herein or in the Debentures or coupons prevent the Trustee or the holder of

any Debenture from exercising all remedies otherwise permitted by this Indenture or, except as expressly limited hereby or by the Debentures, by applicable law upon default under the Debentures or this Indenture, subject, in any event, to the rights, if any, under this Article 4 of the holders of Prior Indebtedness in respect of any payment or distribution of cash, property or securities of the Company received upon the exercise of any such remedy.

§4.06. Notwithstanding any other provision of this Article 4 or any provision of the Debentures relating to subordination:

A. The provisions of this Article 4 shall not be applicable to funds which are deposited with the Trustee for the redemption or retirement of Debentures and which constitute the proceeds of the substantially concurrent issuance of other debentures or notes, which have subordination provisions substantially similar to the subordination provisions contained in this Article 4, and/or the substantially concurrent sale by the Company of shares of its capital stock.

B. Any amounts (other than the amounts referred to in Paragraph A of this §4.06) received by the Trustee from the Company for the purpose of making any payments to holders of the Debentures or coupons shall be held in trust solely for the purpose of such payments and the Trustee may pay or make and any such holder may receive any payment or distribution from any such amount and the holders of the Prior Indebtedness shall have no right to, or claim in respect of, such amount, payments or distributions, either against the Trustee or such holders, if,

(a) In case of a redemption of Debentures, the Trustee shall not have received, at least 35 days prior to the redemption date, from the Company or from the Designated Representative of any class of Prior Indebtedness, written notice that a Prior Indebtedness Default has occurred and is continuing; or

(b) In case of a deposit for the purpose of any other payment to such holders, the Trustee shall not have received, at least 10 days prior to the date on which such payment to such holders is to be made, from the Company or from the Designated Representative of any class of Prior Indebtedness

written notice that a Prior Indebtedness Default has occurred and is continuing.

C. The provisions of this Article 4 shall not be applicable to any cash, properties or securities received by the Trustee or the holder of any Debenture or coupon as a holder of Prior Indebtedness.

D. The provisions of this Article 4 shall not be applicable to funds which are deposited in trust with the Trustee, substantially concurrently with the initial certification and delivery of Debentures hereunder, for the payment of interest accruing on the Debentures through December 31, 1958.

Notwithstanding the provisions of this Article 4 or any other provisions of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to the Trustee, or the application of such moneys by the Trustee in accordance with the terms hereof, unless and until the Trustee shall have received written notice thereof as provided herein.

§4.07. The holders of any of the Prior Indebtedness may at any time in their discretion renew or extend the time of payment of the Prior Indebtedness so held or exercise any other of their rights under the Prior Indebtedness, including, without limitation, the waiver of default thereunder, all without notice to or assent from the holders of the Debentures or coupons or the Trustee.

No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of the Deed of Trust and Mortgage or the First Mortgage Pipe Line Bonds or of the Bank Credit Agreement or of the promissory notes issued pursuant thereto and no release of property subject to the lien of the Deed of Trust and Mortgage, whether or not such release is in accordance with the provisions of the Deed of Trust and Mortgage, shall in any way alter or affect any of the provisions of this Article 4 or of the Debentures relating to the subordination thereof.

§4.08. Each holder of Debentures or coupons by his acceptance thereof irrevocably authorizes and directs the Trustee in his behalf to take such action as may be necessary or appropriate further to assure the subordination as provided in this Article 4, and appoints the Trustee his agent for any and all such purposes. Without limitation of the foregoing, the Trustee, for and on behalf of the holders from time to time of all the Debentures, is authorized and directed, upon the written request of the Company, to execute from time to time Deeds of Subordination, substantially in the form set forth in Schedule D hereto (which is hereby incorporated herein and made a part hereof) in favor of the holders of such class of Prior Indebtedness, as are specified in such request, and to deliver executed counterparts thereof to each of such persons. The Trustee shall keep on file at its principal office in Toronto, Canada copies of all Deeds of Subordination executed and delivered by it pursuant to this §4.08, and such copies shall be open to inspection by any of the holders of Debentures or of Prior Indebtedness at such office during regular business hours.

§4.09. The Company covenants that it will (i) upon request of the Trustee, and at least annually without such request, deliver an Officers' Certificate showing in reasonable detail the Prior Indebtedness outstanding as of the date of such Certificate by classes and the Designated Representative of each class, and (ii) immediately upon the creation, payment or discharge of any class of Prior Indebtedness or upon the increase or decrease thereof, deliver to the Trustee an Officers' Certificate to the effect that such Prior Indebtedness has been so created, increased, decreased, paid or discharged, and stating the respective names and addresses of the holders of such Prior Indebtedness and, in case of the creation of any class of Prior Indebtedness, stating the name of the Designated Representative thereof. Each such Officers' Certificate shall conform to the requirements of §17.03 hereof, and the Trustee may conclusively rely thereon.

§4.10. The provisions of this Indenture required to be included herein by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, are included herein solely for the benefit of the holders of the Debentures and coupons, and the Trustee shall not have any duty or obligation to the holders of Prior Indebtedness other than to perform such duties and obligations, and only such duties and

obligations, as are specifically set forth in this Article 4 for the benefit of the holders of Prior Indebtedness.

ARTICLE 5.

Redemption.

§5.01. The Debentures of either series may be redeemed, prior to maturity, in the manner hereinafter in this Article 5 provided, at the option of the Company, evidenced by a certified resolution delivered to the Trustee, as a whole at any time or in part from time to time, and, as in Article 6 provided, for the sinking fund on January 1, 1970 and on each January 1 thereafter. The redemption price in the case of redemption of Debentures, either at the option of the Company or for the sinking fund, shall be 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption, the redemption price of Canadian Series Debentures to be payable in Canadian dollars and the redemption price of United States Series Debentures to be payable in United States dollars.

§5.02. In case of redemption of any Debentures, the Company shall give, or cause to be given, notice of such redemption by publication once in each of three separate calendar weeks in authorized newspapers in Montreal, Toronto, Winnipeg, Calgary and Vancouver, Canada and in the Borough of Manhattan, The City of New York, the first publication of such notice to be not less than 30 days nor more than 60 days prior to such date. Such notice shall state that the Debentures specified therein or all the Debentures of a specified series, as the case may be, are to be redeemed at the option of the Company or for the sinking fund as the case may be, shall state the principal amount of each Debenture, if any, called for redemption in part, shall state the redemption date, the place of redemption and the redemption price and shall state that interest on the Debentures, or portions thereof, called for redemption shall cease to accrue on the redemption date. A similar notice shall be mailed, postage prepaid, at least 30 but not more than 60 days prior to said redemption date to all holders of registered Debentures which are to be redeemed in whole or in part at their addresses as they shall then appear on any register of the Company. If all the Debentures to be redeemed are registered Debentures, notice by publication shall not be required. In the event

notice of redemption is duly published, if required, as above provided, failure to mail any such notice, or any defect in the mailed notice or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Debentures so called for redemption as stated in such published notice.

If the Company shall determine to redeem less than all the Debentures of either series then outstanding, it shall give the Trustee adequate notice in advance of the proposed redemption date of the aggregate principal amount of such Debentures of such series to be redeemed, and thereupon the Trustee shall draw by lot, in such manner as in its discretion it shall deem appropriate, and notify the Company of the numbers of the Debentures of such series to be redeemed. In case a Debenture is of a denomination larger than \$100, a portion of such Debenture (\$100 or an integral multiple thereof) may be redeemed. If less than the whole Debenture be redeemed, the Company shall deliver to the holder of such Debenture, without charge, a new Debenture or Debentures, equal in aggregate principal amount to the unredeemed portion thereof and of the same series, each new Debenture to be in such authorized form and denomination (not less than \$100) as the holder may elect; or, in the case of a fully registered Debenture, the Trustee may stamp the Debenture, a portion of which has been redeemed, with a notation of the payment of the portion of the Debenture so redeemed.

Notice of redemption of Debentures to be redeemed may be given by the Trustee for and on behalf of and in the name of the Company.

§5.03. Notice of redemption having been duly given as aforesaid, the Debentures, or specified portions thereof, so designated for redemption shall on the redemption date specified in such notice become due and payable at their respective redemption prices; and on and after the redemption date so specified (unless the Company shall make default in the payment of the redemption price or prices of any Debentures) interest on such Debenture or specified portion thereof shall cease to accrue, and upon presentation and surrender of such Debentures on or after said redemption date at said place of redemption in accordance with said notice, together with all coupons appertaining thereto maturing after said redemption date, such Debentures (or such specified portions) shall be paid by the Company at the redemption price or

prices aforesaid. Interest called for by coupons, if any, appertaining to such Debentures which shall have matured on or prior to said redemption date shall be paid only upon presentation and surrender of such coupons.

ARTICLE 6.

Sinking Fund.

§6.01. The Company covenants and agrees that on or before December 31, 1969 and on or before each December 31 thereafter (each such date being herein called a "sinking fund payment date") so long as any of the Canadian Series Debentures are outstanding, it will pay to the Trustee in Canadian dollars as and for a sinking fund for the redemption of Canadian Series Debentures as herein provided, an amount (herein called a "sinking fund payment") which shall be such fraction of either (a) \$2,500,000, or (b) 50% of the Sinking Fund Net Income of the Company for the preceding fiscal year, whichever is the smaller, as shall equal the fraction of all outstanding Debentures which are Canadian Series Debentures as of a date within 60 days prior to the sinking fund payment date in question. The Company also covenants and agrees that on or before each such sinking fund payment date so long as any of the United States Series Debentures are outstanding, it will pay to the Trustee in United States dollars, as and for a sinking fund for the redemption of United States Series Debentures as herein provided, an amount (herein also called a "sinking fund payment") which shall be such fraction of either (a) \$2,500,000 (U. S.), or (b) 50% of the Sinking Fund Net Income of the Company for the preceding fiscal year, whichever is the smaller, as shall equal the fraction of all outstanding Debentures which are United States Series Debentures as of the date within 60 days prior to the sinking fund payment date in question. For the purpose of computing a sinking fund payment payable in United States dollars, the Sinking Fund Net Income of the Company for the preceding fiscal year shall be converted into United States dollars on the basis that a United States dollar and a Canadian dollar are equivalent.

§6.02. In lieu of making in cash all or any part of any sinking fund payment in respect of the Debentures required by §6.01, the Company may (a) deliver to the Trustee Debentures acquired by the Company and not theretofore made the basis for the reduction of a sinking fund payment, or (b) deliver to the Trustee a certificate signed by the

Treasurer or an Assistant Treasurer of the Company setting forth the principal amount of any Debentures which shall theretofore have been redeemed and paid or called for redemption (moneys for such redemption having been duly deposited with the Trustee for such redemption in accordance with the provisions hereof) otherwise than through the operation of the sinking fund and which are no longer outstanding and which shall not theretofore have been made the basis for the reduction of a sinking fund payment. The obligation of the Company to make such part of the sinking fund payment in cash as shall be payable in Canadian dollars shall be reduced by the principal amount of Canadian Series Debentures so delivered or referred to in such certificate; and the obligation of the Company to make such part of the sinking fund payment in cash as shall be payable in United States dollars shall be reduced by the principal amount of United States Series Debentures so delivered or referred to in such certificate.

§6.03. The Company shall on or before November 15, 1969, and on or before each November 15 thereafter, file with the Trustee an officers' certificate setting forth the amount of the sinking fund payment to be made by the Company on the following December 31 which is payable in Canadian dollars and the amount of such payment which is payable in United States dollars. If on any such November 15 the amount of Canadian dollars so to be paid into the sinking fund, together with all Canadian dollars then held in said fund and available for redemption of Canadian Series Debentures, shall aggregate at least \$50,000, the Trustee shall select for redemption on the next succeeding January 1 the largest aggregate principal amount of Canadian Series Debentures (which principal amount shall be a multiple of \$100) redeemable with such Canadian dollars; and, if on any such November 15 the amount of United States dollars so to be paid in the sinking fund, together with all United States dollars then in said fund and available for redemption of United States Series Debentures, shall aggregate at least \$50,000, the Trustee shall select for redemption on the next succeeding January 1 the largest aggregate principal amount of United States Series Debentures (which principal amount shall be a multiple of \$100) redeemable with such United States dollars. Notwithstanding the foregoing, the Company may request the Trustee that Canadian Series Debentures or United States Series Debentures

be redeemed out of Canadian dollars or United States dollars, as the case may be, so to be paid into the sinking fund or held in said fund, although amounting to less than \$50,000 in either case. The Trustee shall make such selection by drawing by lot, in such manner as in its discretion it may deem appropriate, the serial numbers of the Debentures of such series which (or portions of which) are to be redeemed; and the Trustee shall thereupon cause notice to be given, in the name and at the expense of the Company, that the Debentures (or portions thereof) so selected will be redeemed on the next succeeding January 1. Such notice shall be given in the same manner and with like effect as is provided in Article 5 hereof; and the Trustee shall cause such Debentures to be redeemed and paid in accordance with such notice in the manner and with the effect provided in Article 5 hereof. The cost of any redemption under this Article 6 shall be paid by the Company.

Any moneys held in the sinking fund not required to be applied to the redemption of Debentures in accordance with the provision of this Article 6 shall be retained by the Trustee in the sinking fund and shall be applied with succeeding sinking fund payments to the redemption of Debentures as provided above.

§6.04. All Debentures redeemed through the operation of the sinking fund and all Debentures delivered by the Company to the Trustee in lieu of all or any part of any sinking fund payment shall be cancelled by the Trustee and delivered to the Company, subject to the provisions of §17.02 hereof, and no Debentures shall be issued in place thereof.

§6.05. The Trustee shall allow and pay to the Company interest on moneys deposited with it pursuant to this Article 6 at the rate, if any, allowed by it on similar deposits.

ARTICLE 7.

Particular Covenants of the Company.

The Company covenants with the Trustee as hereinafter in this Article 7 set forth so long as any of the Debentures are outstanding:

§7.01. The Company will duly and punctually pay the principal of each of the Debentures and the interest which shall have accrued

thereon, at the dates and place and in the manner and currency specified herein and in the Debentures and coupons. The Company will not directly or indirectly extend or assent to the extension of the time for payment of any coupon or claim for interest upon any of the Debentures and will not directly or indirectly be a party to or approve of any arrangement for any such extension by purchasing said claims or in any other manner. The interest which is represented by coupons shall be payable only upon presentation and surrender thereof as they respectively shall mature. The interest on fully registered Debentures shall be payable only to the registered holders thereof as shown on the books of the Company. When and as paid all Debentures and coupons shall be cancelled and disposed of as provided in §17.02, and no Debentures or coupons shall be issued under this Indenture in lieu thereof.

§7.02. Until all the Debentures shall have been paid or payment thereof provided for, any notices and demands in respect of the Debentures and coupons to the Company or to the Trustee may be served on the Trustee at its office at 15 King Street West, Toronto, Canada or on The First National City Bank of New York at 2 Wall Street, in the Borough of Manhattan, The City of New York, New York.

§7.03. On or before the date on which the principal of, or the interest on, any of the Debentures by their terms or as a result of the calling thereof for redemption shall become payable, the Company will pay to the Trustee a sum sufficient to pay such principal and any interest which shall have so become payable in the proper currency, to be held in trust for the benefit of the holders of such Debentures or of the coupons for such interest, as the case may be.

The foregoing provisions of this §7.03 are subject to the provisions of §7.10 and §12.03.

§7.04. The Company will at all times (subject to its right to merge, consolidate or convey all or substantially all its property and assets pursuant to Article 14, and thereafter dissolve) take or cause to be taken all such action as may from time to time be necessary to maintain, preserve and renew its corporate existence.

§7.05. The Company will, upon reasonable request of the Trustee, execute and deliver such further instruments and do such further acts

as may be necessary or proper to carry out more effectually the purposes of this Indenture.

§7.06. The Company will, on or before the first day of May in each calendar year commencing with the year 1958, file with the Trustee an officers' certificate stating that a review of the activities of the Company during the preceding calendar year (or, in the case of the officers' certificate filed in 1958, during the period from the date of execution hereof to December 31, 1957) has been made under the supervision of the signers of such certificate with a view to determining whether the Company has kept, observed, performed and fulfilled all the covenants, agreements and obligations on its part in this Indenture contained and that to the best of their knowledge the Company is not in default in the performance, observance or fulfillment of any of the terms, provisions and conditions hereof, and that no default exists or, if the Company shall be so in default or if any default exists, specifying all such defaults, and the nature thereof, of which they may have knowledge.

§7.07. So long as any of the Debentures are outstanding,

(a) the Company will duly pay or discharge, or cause to be paid or discharged, before they become overdue, all taxes, rates, assessments and governmental and other charges lawfully levied and imposed upon its properties, franchises, earnings and business and will properly discharge any construction lien or judgment lien which may have heretofore been created or may hereafter be created on its properties; *provided, however*, that nothing herein contained shall require any such tax, assessment, lien or charge to be paid so long as the validity thereof shall be contested in good faith, and, if necessary, by appropriate legal proceedings;

(b) the Company will at all times maintain, preserve and keep all its real estate, pipe lines, plants and other property used or, in the opinion of the Board of Directors, useful in the conduct of the business of the Company in good working order and condition and will, from time to time, make or cause to be made all needful and proper repairs, extensions, additions, betterments, improvements thereto and all renewals and replacements thereof so that the busi-

ness carried on in connection therewith may be properly conducted at all times;

(c) the Company will keep all buildings, structures, machinery and other property of the Company insured against loss or damage, to the extent that property of similar character is usually insured by companies operating like properties, in good and responsible insurance companies or, at the option of the Company, by means of adequate insurance funds or other adequate method or plan of protection created and maintained by the Company.

§7.08. The Company covenants that so long as any of the Debentures are outstanding it will not declare or pay any dividend or make any other distribution upon its Common Shares or acquire by purchase or redemption or otherwise for a consideration any of its Common Shares (excluding from such restriction and from the calculation in this paragraph dividends paid in Common Shares and Common Shares purchased, redeemed or otherwise acquired, to the extent that they were so acquired in exchange for or from the proceeds of substantially concurrent sale of other Common Shares or out of contributions to the capital of the Company), (a) if, after giving effect to such payment or distribution or acquisition, the cumulative aggregate amount of all dividends and distributions declared or paid on the Common Shares and the amount paid for the purchase, redemption or acquisition of its Common Shares subsequent to December 31, 1956 exceeds the aggregate amount of the Net Income of the Company subsequent to December 31, 1956, or (b) if any installment of interest which is due and payable on the Debentures has not been paid or if any sinking fund payment required to be made in accordance with the provisions of Article 6 hereof has not been so made.

§7.09. The Company represents that it is duly authorized under the laws of Canada and all other applicable provisions of law to execute this Indenture and to issue the Debentures and coupons hereunder, and that all corporate action on its part for the execution of this Indenture has been duly and effectively taken; and that the Debentures and coupons, when issued and in the hands of holders in due course, will be valid and legally enforceable obligations of the Company in accordance with their terms.

§7.10. (a) The Company will cause each paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this §7.10 and of Article 12,

(1) that it will hold all sums held by it as such agent for the payment of the principal of or interest on the Debentures (whether such sums have been paid to it by the Company or by any other obligor on the Debentures) in trust, in the currency in which such principal and interest are payable, for the benefit of the holders of the Debentures or coupons, as the case may be, and

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Debentures) to make any payment of the principal of or interest on the Debentures when the same shall be due and payable.

(b) If the Company shall act as its own paying agent, it will, on or before each payment date of the principal of or interest on the Debentures, set aside, segregate and hold in trust, in the currency in which such principal and interest are payable, for the benefit of the holders of the Debentures or coupons, as the case may be, a sum sufficient to pay such principal or interest then due and payable. The Company will promptly notify the Trustee of any failure by the Company to take such action or the failure by any other obligor on the Debentures to make any payment of the principal or interest on the Debentures when the same shall be due and payable.

§7.11. The Company covenants that it will not prepay, redeem or acquire any of its Subordinated Notes prior to the maturity thereof, except out of the proceeds of, or in exchange for, Subordinated Debt or Preferred or Common Shares of the Company. The foregoing restriction shall not, however, affect the right of the Company to make adjustments in cash or scrip upon the conversion of such Notes in lieu of issuing fractional Common Shares. So long as any of the Debentures are outstanding, the Company will not make or consent to any change in the Note Purchase Agreement or the Subordinated Notes, including the subordination provisions thereof, which adversely affect the rights of the holders of Debentures, except with the consent of a majority in aggregate principal amount of the Debentures at the time outstanding.

§7.12. Nothing in this Indenture shall restrict or limit the right of the Company to issue other debentures under other indentures or

to issue Indebtedness ranking senior to, *pari passu* with, or junior to, the Debentures.

ARTICLE 8.

Remedies of Trustee and Debentureholders.

§8.01. Except where otherwise indicated by the context or where the term is otherwise defined for a specific purpose, the term “default” wherever used in this Indenture shall mean one of the following described events:

(a) the failure of the Company for a period of 30 days to pay any installment of interest on any of the Debentures, when and as the same shall become due and payable;

(b) the failure of the Company to pay the principal of any of the Debentures when and as the same shall become due and payable, whether at maturity or otherwise;

(c) the failure of the Company for a period of 30 days to make any sinking fund payment as required by §6.01, when and as the same shall become due;

(d) the failure of the Company to observe and perform any other of the covenants or agreements on the part of the Company contained in this Indenture or in any indenture supplemental hereto for a period of 60 days after written notice shall have been given to the Company by the Trustee or to the Company and the Trustee by the holders of not less than 25% in principal amount of the Debentures outstanding, specifying such failure and requiring the Company to remedy the same;

(e) a decree or order shall have been entered by a court of competent jurisdiction adjudging the Company a bankrupt or insolvent or subject to the provisions of the Winding-up Act or Bankruptcy Act or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of the Company or the sequestration of a substantial part of the property of the Company, and any such

decree or order shall remain in force undischarged and unstayed for a period of 60 days;

(f) the Company shall institute proceedings to subject itself to the Winding-up Act or to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due;

(g) the failure of the Company to pay the principal of, or any installment of interest on, any Prior Indebtedness, when and as the same shall become due and payable, whether at maturity, by acceleration or otherwise, and such failure shall have continued beyond the period of grace, if any, specified in any Prior Indebtedness or in the instrument creating such Prior Indebtedness; or

(h) the failure of the Company to pay and discharge any final judgment for the payment of money in an amount in excess of \$100,000 rendered against the Company or to provide for its discharge in accordance with its terms or to procure a stay of execution thereon within 30 days from the entry thereof, or within said period of 30 days, or such longer period during which execution on such judgment shall have been stayed, to appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment shall have been granted, passed or entered and to cause the execution thereof to be stayed during such appeal.

§8.02. If any one or more of the above-described defaults shall happen, then, and in each and every such case, during the continuance of any such default, either the Trustee, by notice in writing to the Company, or the holders of at least 25% in principal amount of the Debentures then outstanding, by notice in writing to the Company and to the Trustee, may declare the principal of all the Debentures then outstanding (if not then due and payable) to be due and payable, and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in the Debentures contained to the contrary notwithstanding. This provision,

however, is subject to the condition that if, at any time after the principal of the Debentures shall have been so declared to be due and payable and before any judgment or decree for the payment of the moneys shall have been obtained or entered as hereinafter provided, the principal of all the Debentures which shall have matured otherwise than by said declaration and all arrears of interest, if any, upon all the Debentures and the reasonable charges and expenses of the Trustee, its agents and attorneys, shall be paid by the Company or deposited with the Trustee, and every other default under this Indenture shall have been made good to the reasonable satisfaction of the Trustee, or provision deemed by the Trustee to be adequate therefor shall have been made, then and in every such case the holders of a majority in principal amount of the Debentures then outstanding may waive the default by reason of which the principal of the Debentures shall have been so declared to be due and payable and may rescind and annul such declaration and its consequences; but no such waiver, rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

§8.03. If the Company shall fail for a period of 30 days to pay any installment of interest on the Debentures or shall fail to pay the principal of any of the Debentures when and as the same shall become due and payable in accordance with the terms hereof, whether at maturity or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee the whole amount which then shall have become due and payable on all such Debentures, and reasonable compensation to the Trustee, its agents and attorneys, and any other reasonable expenses and liabilities incurred without negligence or bad faith by the Trustee under this Indenture.

In case the Company shall fail forthwith to pay such amounts, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on the Debentures, and collect the moneys adjudged or decreed to be payable out of the property of the Company or any other obligor on the Debentures, wherever situated, in the manner provided by law. Every recovery of judgment in any such action or other proceeding, subject to the payment of the expenses, dis-

bursements and compensation of the Trustee, its agents and attorneys, shall be (subject to the provisions of §8.04) for the rateable benefit of the holders of the Debentures and coupons which shall be the subject of such action or proceedings. All rights of action upon or under any of the Debentures or coupons or this Indenture may be enforced by the Trustee without the possession of any of the Debentures or coupons and without the production of any thereof at any trial or any proceedings relative thereto.

The Trustee is hereby appointed, and each and every holder of the Debentures and coupons, by receiving and holding the same, shall be conclusively deemed to have appointed the Trustee, the true and lawful attorney-in-fact of such holder, with authority to make or file (whether or not the Company shall be in default in respect of the payment of the principal of, or interest on, any of the Debentures, and whether or not the Trustee shall have made any demand for payment pursuant to the provisions of this §8.03), in its own name as trustee of an express trust or otherwise as it shall deem advisable, in any receivership, insolvency, liquidation, bankruptcy, reorganization, scheme of arrangement or other judicial proceedings relative to the Company, its creditors or its property, or any other obligor on the Debentures, its creditors or its property, any and all claims, proofs of debt, petitions, consents, other documents and amendments of any thereof, and to receive payment of any sums that shall be distributable in any such proceedings on account of any of the Debentures and coupons, and to execute and deliver any and all other papers and documents and to do and perform any and all other acts and things, as it may deem necessary or advisable in order to enforce in any such proceedings any of the claims of any of such holders in respect of any of the Debentures and coupons; and any receiver, assignee, trustee or debtor in any such proceedings is hereby authorized, and each and every holder of the Debentures or coupons, by receiving and holding the same, shall be deemed to have authorized any such receiver, assignee, trustee or debtor, to make payment of any and all such sums to or on the order of the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including counsel fees, incurred by it down to the date of such payment; *provided, however*, that nothing herein contained shall be deemed to authorize or empower the Trustee to consent to or accept or adopt, on behalf of any holder of Debentures or coupons, any plan of reorganization or readjustment of the Company affecting the Debentures or coupons or the rights of any holder thereof, or to authorize or empower the

Trustee to vote in respect of the claim of any holder of any Debentures or coupons in any such proceedings.

§8.04. Any moneys collected by the Trustee under this Article 8 shall be applied by the Trustee as follows:

First: To the payment of all costs and expenses in connection with the collection of such moneys, including reasonable compensation to the Trustee, its agents, solicitors, attorneys and counsel, and all expenses, liabilities and advances incurred or made without negligence or bad faith by the Trustee hereunder,

and thereafter, subject to the provisions of Article 4 hereof, as follows:

Second: To the payment of the amounts then due and unpaid upon the Debentures and coupons in respect of which such moneys shall have been collected, rateably and without preference or priority of any kind, according to the amounts due and payable on such Debentures and coupons, respectively, at the date fixed by the Trustee for the distribution of such moneys, upon presentation of the several Debentures and coupons and notation thereon of the payment, if only partially paid, and upon the surrender and cancellation thereof, if fully paid; *provided, however*, that if the time for the payment of any coupon or claim for interest upon any of the Debentures shall have been extended, or if such coupon or claim at or after maturity shall have been transferred or pledged separate from the Debenture to which it relates, such coupons and claims for interest shall not be entitled in case of default hereunder to the benefit of this Indenture except after prior payment in full of the principal of all Debentures then outstanding and of all coupons and claims for interest on such Debentures the payment of which has not been so extended, or not so transferred or pledged.

Third: To the payment of any surplus then remaining to the the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

§8.05. Upon any sale made under any writ of execution issued on any judgment for the recovery of the indebtedness evidenced by the Debentures or recovered under this Indenture, any purchaser shall be entitled in making settlement or payment of the purchase price of the property purchased to present and to turn in and use any of the Debentures and coupons then matured and unpaid, such Debentures

or coupons being computed for that purpose at a sum equal to that which shall be payable out of the net proceeds of such sale to such purchaser as the holder thereof for his share of such net proceeds; and, if the amounts so payable in respect of such Debentures and coupons shall be less than the amount for which the Company may be liable thereon, then the receipt endorsed thereon under the direction of any person authorized to receive payment of the purchase price for the amount to be so allowed or credited thereon shall constitute partial payment and settlement and shall be conclusive proof of the amount thereof. At any such sale any holder or holders of the Debentures or coupons may directly, or through one or more agents, bid for and purchase the property sold for his or their own account and make payment therefor as aforesaid or otherwise and may hold, retain and dispose of such property without further accountability.

§8.06. In case of a default hereunder the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law. Upon the commencement of judicial proceedings to enforce the rights of the Trustee and of the Debentureholders, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the property of the Company and of the tolls, rents, revenues, issues, earnings, income and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

§8.07. The holders of a majority in principal amount of the Debentures at the time outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee hereunder, or of exercising any trust or power hereby conferred upon the Trustee; *provided, however*, that subject to §11.02 the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith shall by responsible officers determine that the action or proceeding so directed would involve the Trustee in personal liability or would be unjustly prejudicial to holders of Debentures not parties to such direction.

The Trustee shall, upon the request of the holders of a majority in principal amount of the Debentures at the time outstanding, waive any past default hereunder, or any past failure to observe or perform any covenant or agreement, and the consequences thereof, except a default in the payment of the principal of the Debentures at the date of maturity stated therein; *provided, however*, that the Trustee shall not (1) waive a default in the payment of interest on the Debentures, unless all arrears of interest shall have been paid by the Company or shall have been provided for by the deposit with the Trustee in trust of a sum sufficient to pay the same, or (2) waive a default in the payment of the redemption price of any of the Debentures that shall theretofore have been called for redemption, unless such redemption price shall have been paid by the Company or shall have been provided for by the deposit with the Trustee in trust of a sum sufficient to pay the same, or (3) waive a default in any installment of the sinking fund on the Debentures unless such default shall have been cured by the retirement through redemption or otherwise of a principal amount of Debentures equal to the amount of sinking fund installment so in default. In case of any such waiver, the Company, the Trustee and the holders of the Debentures shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

§8.08. No holder of any Debenture or coupon shall have any right to institute any action, suit or proceeding at law or in equity for the execution of any trust hereunder or for the appointment of a receiver or for any other remedy hereunder, unless (i) such holder previously shall have given to the Trustee written notice of the happening of one or more of the defaults herein specified, (ii) the holders of a majority in principal amount of the Debentures then outstanding shall have requested the Trustee in writing to take action in respect of the matter complained of, and shall have afforded to it a reasonable opportunity either to proceed to exercise the powers herein granted or to institute such action, suit or proceeding in its own name, (iii) there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and (iv) the Trustee, for 30 days after receipt of such notification, request and offer of indemnity, shall have neglected and refused to institute any such

action, suit or proceeding; and such notification, request and offer of indemnity are hereby declared in every such case to be conditions precedent to any such action, suit or proceeding by any holder of any Debentures or coupons; it being understood and intended that no one or more of the holders of Debentures or coupons shall have any right in any manner whatsoever by his or their action to enforce any right hereunder, except in the manner herein provided, and that every action, suit or proceeding at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of such outstanding Debentures and coupons (subject to the provisions of §8.04) which shall be the subject of such action, suit or proceeding; *provided, however*, that nothing in this Indenture or in the Debentures or coupons contained shall affect or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and the interest on, the Debentures to the respective holders of the Debentures and coupons at the respective due dates stated in such respective Debentures and coupons, or affect or impair the right of action, which is also absolute and unconditional, of such holders to enforce the payment thereof.

All parties to this Indenture and the holders of the Debentures agree that the court may in its discretion require, in any action, suit or proceeding for the enforcement of any right or remedy under this Indenture, or in any action, suit or proceeding against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such action, suit or proceeding of an undertaking to pay the costs of such action, suit or proceeding, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in such action, suit or proceeding, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided, however*, that the provisions of this paragraph shall not apply to any action, suit or proceeding instituted by the Trustee, to any action, suit or proceeding instituted by any one or more holders of Debentures holding in the aggregate more than 10% in principal amount of the Debentures outstanding, or to any action, suit or proceeding instituted by any holder of Debentures for the enforcement of the payment of the principal of, or the interest on, any of the Debentures, on or after the respective due dates expressed in such Debentures or in the coupons for such interest.

§8.09. No remedy herein conferred upon or reserved to the Trustee or to the holders of Debentures is intended to be exclusive of any other remedy or remedies, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Trustee or of any holder of the Debentures to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article 8 to the Trustee and to the holders of Debentures, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the holders of Debentures, as the case may be. In case the Trustee or any holder of Debentures shall have proceeded to enforce any right under this Indenture and the proceedings for the enforcement thereof shall have been discontinued or abandoned because of waiver or for any other reason or shall have been determined adversely to the Trustee or to such holder of Debentures, then and in every such case the Company, the Trustee and the holders of the Debentures shall severally and respectively be restored to their former positions and rights hereunder and thereafter all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

ARTICLE 9.

Debentureholders' Acts, Holdings and Apparent Authority.

Any demand, request, notice, direction, consent, waiver, appointment, removal, proxy or other instrument required or permitted by this Indenture to be signed and executed by holders of Debentures may be in any number of concurrent writings of similar tenor and may be signed or executed by such holders in person or by agent appointed in writing, and, subject to the provisions of §11.02, proof of the execution thereof or of the writing appointing any such agent or of the holding by any person of Debentures shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee or of the Company with regard to any action by them, respectively, taken under such instrument, if such proof be made in the following manner:

- (1) The fact and date of the execution by any person of any such instrument may be proved (a) by the certificate under his

official seal of any notary public or other officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments or proof of deeds to be recorded within such jurisdiction, that the person who signed such instrument did acknowledge before such notary public or other officer the execution thereof, or (b) by the affidavit of a witness of such execution.

(2) The fact of the holding by any person of Debentures transferable by delivery and the amounts and numbers of such Debentures and the date of his holding the same may be proved by a certificate executed by any trust company, bank, banker or other depositary (wherever situated), if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker or other depositary the Debentures described in such certificate. Each such certificate shall be dated and shall state that on the date thereof a coupon Debenture of a specified principal amount and bearing a specified serial number was deposited with such trust company, bank, banker or other depositary by the person named in such certificate and that such Debenture will remain so deposited until the expiry of the period stated in such certificate.

(3) The fact of the holding of registered Debentures shall be established by the register of such Debentures.

ARTICLE 10.

Reports by the Company and the Trustee and Debentureholders' Lists.

§10.01. (a) The Trustee shall transmit to the holders of Debentures, as hereinafter provided, on or before July 1, 1958, and on or before the first day of July in each year thereafter, a brief report as of the last preceding first day of June with respect to

(1) its eligibility under §11.06 and its qualifications under §11.05 to serve as trustee hereunder, or in lieu thereof, if to the

best of its knowledge it has continued to be eligible and qualified under said Sections, a written statement to that effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by it as Trustee which remain unpaid on the date as of which such report is made and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Debentures, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to state such advances if such advances so remaining unpaid aggregate not more than $\frac{1}{2}$ of 1% of the principal amount of the Debentures outstanding on the date as of which such report is made;

(3) the amount, interest rate and maturity date of all other indebtedness owing to it in its individual capacity, on the date as of which such report is made, by the Company or any other obligor on the Debentures, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in paragraph (2), paragraph (3), paragraph (4) or paragraph (6) of subdivision (f) of §11.08;

(4) the property and funds, if any, physically in its possession as Trustee on the date as of which such report is made; and

(5) any action taken by it in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Debentures, except action in respect of a default notice of which has been or is to be withheld by the Trustee in accordance with the provisions of §11.03.

(b) If (i) since the date of the last report transmitted pursuant to the provisions of subdivision (a) of this §10.01 (or, if no such report has yet been transmitted, since the date of the execution of this Indenture), the Trustee shall have made any advances for the reimbursement of which it claims or may claim a lien or charge prior to that of the Debentures on property or funds held or collected by it as Trustee,

(ii) the Trustee has not previously reported such advances pursuant to this subdivision (b) and (iii) such advances remaining unpaid shall at any time aggregate more than 10% of the principal amount of the Debentures then outstanding, the Trustee shall, within ninety days after such time, transmit to the holders of Debentures a brief report of the character and amount of such advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof). The Trustee, if it so elects, may transmit such a report with respect to advances remaining unpaid aggregating 10% or less of the principal amount of the Debentures then outstanding.

(c) Each report pursuant to the provisions of this §10.01 shall be transmitted by mail

(1) to all registered holders of Debentures, as the names and addresses of such holders appear upon the registration books of the Company;

(2) to such holders of Debentures as have, within two years preceding such transmission, filed their names and addresses with the Trustee for that purpose; and

(3) except in the case of reports pursuant to subdivision (b) of this §10.01, to each Debentureholder whose name and address is preserved by the Trustee as provided in subdivision (b) of §10.03.

(d) The Trustee shall, at the time of the transmission to the holders of Debentures of any report pursuant to the provisions of this §10.01, file a copy of such report with each stock exchange upon which any of the Debentures are listed and also with the United States Securities and Exchange Commission. The Company agrees to notify the Trustee when and as the Debentures become listed on any stock exchange.

The Company will reimburse the Trustee for all expenses incurred in the transmission of any report pursuant to the provisions of this §10.01.

§10.02. (a) The Company will file with the Trustee, within fifteen days after the Company shall be required to file the same with the United States Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports which the Company may be required to file with the Securities and

Exchange Commission pursuant to the provisions of Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934 (or copies of such portions of any of the foregoing as the Securities and Exchange Commission may by rules and regulations prescribe); or, if the Company is not required to file information, documents or reports pursuant to the provisions of either of such Sections, then the Company will file with the Trustee and the Securities and Exchange Commission, in accordance with rules and regulations prescribed by the Securities and Exchange Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to the provisions of Section 13 of the Securities Exchange Act of 1934, in respect of a security listed and registered on a national securities exchange, as may be prescribed in such rules and regulations.

(b) The Company will file with the Trustee and the Securities and Exchange Commission, in accordance with rules and regulations prescribed by the Securities and Exchange Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required by such rules and regulations.

(c) The Company will transmit to the holders of Debentures, within thirty days after the filing thereof with the Trustee (unless some other time shall be fixed by the Securities and Exchange Commission) and in the manner and to the extent provided in subdivision (c) of §10.01, such summaries of any information, documents and reports required to be filed by the Company pursuant to the provisions of subdivisions (a) and (b) of this §10.02 as may be required by rules and regulations prescribed by the Securities and Exchange Commission.

§10.03. (a) The Company will furnish or cause to be furnished to the Trustee, semi-annually, not less than 45 days nor more than 60 days after January 1 and July 1, in each year, beginning July 1, 1957, and at such other times as the Trustee may request in writing, in such form as the Trustee may reasonably require, all the information in the possession or control of the Company, or any of its paying agents, as of a date not more than fifteen days prior to the date of furnishing or causing such information to be furnished as to the names and addresses of the holders of the Debentures, which the

Company shall have received since the date as of which the next previous information as to the names and addresses of holders of Debentures, if any, was furnished.

(b) The Trustee will preserve, in as current form as is reasonably practicable, all information as to the names and addresses of holders of Debentures so furnished to it or received by it or filed with it by holders of Debentures for the purpose of receiving reports pursuant to the provisions of paragraph (2) of subdivision (c) of §10.01. The Trustee may (1) destroy any information furnished to it as provided in subdivision (a) of this §10.03 upon receipt of new similar information so furnished to it; (2) destroy any information received by it in connection with an interest payment, but not until forty-five days after a subsequent interest payment shall have been made; and (3) destroy all information received by it from holders of Debentures pursuant to the provisions of paragraph (2) of subdivision (c) of §10.01, but not until two years after such information shall have been filed with it.

(c) Within five business days after the receipt by the Trustee of a written application by any three or more holders of Debentures stating that such holders (hereinafter in this subdivision (c) called "such applicants") desire to communicate with other holders of Debentures with respect to their rights under this Indenture or under the Debentures or with respect to the Common Shares of the Company held by the Depositary pursuant to the provisions of the Deposit Agreement between Trans-Canada Pipe Lines Limited and Montreal Trust Company dated as of January 1, 1957 and accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, and by reasonable proof that each such applicant has owned a Debenture for a period of at least six months preceding the date of such application, the Trustee will, at its election, either

(1) afford to such applicants access to all information furnished to, or received by, and preserved by, the Trustee pursuant to the provisions of this §10.03; or

(2) inform such applicants as to the approximate number of holders of Debentures according to the most recent information so furnished to, or received by, and preserved by, the Trustee, and as to the approximate cost of mailing to such holders

of Debentures the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford to such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to all holders of Debentures whose names and addresses are contained in the information so furnished to, or received by, and preserved by, the Trustee, copies of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of such mailing, unless within five days after such tender, the Trustee shall mail to such applicants, and file with the United States Securities and Exchange Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Debentures or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Securities and Exchange Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of the objections specified in the written statement so filed, or if, after the entry of an order sustaining one or more of such objections, the Securities and Exchange Commission shall find, after notice and opportunity for hearing, that all objections so sustained have been met, and shall enter an order so declaring, the Trustee shall mail copies of such material to all such holders of Debentures with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

Each and every holder of the Debentures, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Debentures in accordance with the provisions of this subdivision (c), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under this subdivision (c).

ARTICLE 11.
Concerning the Trustee.

§11.01. The Trustee accepts the trusts created by this Indenture upon the terms and conditions hereof, including the following, to all of which the parties hereto and the holders from time to time of the Debentures agree:

(a) The Trustee shall be entitled to reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and such compensation, as well as the reasonable compensation of its counsel, and all other reasonable expenses incurred by the Trustee hereunder in good faith and without negligence, and all advances made by the Trustee in accordance with any provision of this Indenture in good faith and without negligence, the Company agrees to pay promptly on demand from time to time as such services shall be rendered and as such expenses shall be incurred or advances made. If any property other than cash shall at any time be subject to the lien of this Indenture, the Trustee, if and to the extent authorized by a receivership or bankruptcy court of competent jurisdiction or by the instrument subjecting such property to such lien, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. In default of such payment by the Company, the Trustee shall have a lien therefor on any moneys held by the Trustee hereunder prior to any rights therein of the holders of the Debentures and of the coupons. The reasonable fees and expenses of the Trustee (including the reasonable charges and expenses of its counsel) shall be preferred over the claims of the Debenture and coupon holders in any reorganization or other similar proceeding. The Company also agrees to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance, administration or satisfaction of this trust, as well as the costs and expenses of defending against any claim of liability in the premises.

(b) The Trustee may execute any of the trusts or powers hereof and perform any duty hereunder either directly or by its agents and attorneys.

(c) The Trustee shall not be responsible in any manner whatsoever for the correctness of the recitals of fact herein or in the Debentures (except its certificate thereon) or in the coupons contained, all of which are made by the Company solely; and the Trustee shall not be responsible or accountable in any manner whatsoever for or with respect to the validity or execution or sufficiency of this Indenture, of any supplemental indenture, or of the Debentures or coupons, and the Trustee makes no representation with respect thereto. The Trustee shall not be accountable for the use or application by the Company of any Debentures, or the proceeds of any Debentures, certified and delivered by the Trustee in conformity with the provisions of this Indenture.

(d) The Trustee may consult with counsel and, to the extent permitted by §11.02, the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Trustee, to the extent permitted by §11.02, may rely upon the certificate of the Secretary or one of the Assistant Secretaries of the Company, under its corporate seal, as to the passing of any resolution by its Board of Directors or Executive Committee or shareholders.

(f) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Debentures or coupons and, subject to the provisions of §§11.05 and 11.08, otherwise deal with the Company, with the rights it would have had if it were not Trustee hereunder.

(g) Any action taken by the Trustee pursuant to any provision hereof at the request or with the consent of any person who at the time of such request or consent is the holder of any Debenture shall be conclusive and binding in respect of such Debenture upon all future holders thereof, whether or not such Debenture shall have noted thereon the fact that such request or consent had been made or given.

(h) The Trustee, to the extent permitted by §11.02, shall be under no obligation to exercise any of the trusts or powers hereof at the request, order or direction of any of the Debentureholders, pursuant to the provisions of this Indenture, unless such Debentureholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(i) The Trustee, to the extent permitted by §11.02, may rely and shall be protected in relying upon any resolution, certificate, opinion, report, statement, request, consent, Debenture or other instrument or paper believed by it to be genuine and to have been signed or presented by the proper parties.

(j) Whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, to the extent permitted by §11.02, be deemed to be conclusively proved and established by a certificate signed in the name of the Company by its President or a Vice-President and its Secretary or an Assistant Secretary or its Treasurer or an Assistant Treasurer.

§11.02. If a default specified in §8.01 shall have happened, then, so long as the same shall be subsisting, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs; and none of the provisions of this Indenture shall be construed as relieving the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that, anything in this Indenture contained to the contrary notwithstanding,

(1) unless and until a default specified in §8.01 shall have happened which at the time is subsisting,

(a) the Trustee shall not be liable except for the performance of such duties as are specifically set out in this Indenture, and no implied covenants or obligations shall be read into this

Indenture against the Trustee, whose duties and obligations shall be determined solely by the express provisions of this Indenture; and

(b) the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of the Trustee, upon certificates or opinions furnished to it pursuant to and conforming to the requirements of this Indenture; but in the case of any such certificate or opinions which, by the provisions of this Indenture, are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(2) the Trustee shall not be liable to any holder of Debentures or coupons or to any other person for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable to any holder of Debentures or coupons or to any other person with respect to any action taken or omitted to be taken by it in good faith, in accordance with the direction of the holders of a majority in principal amount of the Debentures at the time outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to it or exercising any trust or power conferred upon it by this Indenture.

Notwithstanding any provisions of this Indenture authorizing the Trustee conclusively to rely upon any certificates or opinions, the Trustee may, before taking or refraining from taking any action in reliance upon any certificate furnished by the Company, require any further evidence or make any further investigation as to the facts or matters stated therein which it may, in good faith, deem reasonable in the circumstances, and in connection therewith the Trustee may examine or cause to be examined the pertinent books, records and premises of the Company; and the Trustee shall, in any case, require such further evidence or make such further investigation as may be requested by the holders of a majority in principal amount of the

Debentures then outstanding, provided that, if payment to the Trustee of the costs, expenses and liabilities likely to be incurred by it in making such investigation is not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee before making such investigation may require reasonable indemnity against such cost, expenses or liabilities. Any further evidence which may be requested by the Trustee pursuant to any of the provisions of this §11.02 shall be furnished by the Company at its own expense; and any costs, expenses and liabilities incurred by the Trustee in connection with any further investigation made by it pursuant to any of the provisions of this §11.02 shall be paid by the Company, or, if paid by the Trustee, shall be repaid by the Company upon demand, with interest at the rate of 4% per annum, and, until such repayment, shall be secured by a lien on any moneys held by the Trustee hereunder prior to any rights therein of the holders of Debentures or coupons.

§11.03. The Trustee shall, within ninety days after the happening thereof, give to the holders of the Debentures notice of the happening of any default, known to it to be then subsisting, unless such default shall have been cured before the giving of such notice (the term "default" for the purposes of this §11.03 being hereby defined to be any of the events specified in §8.01 not including any period of grace therein provided for and irrespective of the giving of the written notice specified in subdivision (d) of §8.01); provided that, unless such event be the failure to pay the principal of, or the interest on, any of the Debentures when and as the same shall become payable, or the failure to meet any Sinking Fund requirement, the Trustee shall be protected in withholding such notice, if and so long as the board of directors or the executive committee or a trust committee of directors and/or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the holders of the Debentures. Such notice shall be given to the holders of the Debentures in the manner and to the extent provided in subdivision (c) of §10.01.

§11.04. The Trustee, or any successor to it hereafter appointed, may at any time resign and be discharged from the trusts hereby created by giving notice in writing to the Company and to the holders of the Debentures in the manner provided in subdivision (c) of §10.01. Such notice shall also be published in an authorized newspaper in Toronto, Canada and in an authorized newspaper in the Borough of

Manhattan, The City of New York, on at least two different days. Such resignation shall take effect upon the appointment by the holders of the Debentures or by the Company as hereinafter provided of a successor trustee having the qualifications prescribed in §§11.05 and 11.06, and the acceptance of such appointment by such successor trustee. Any trustee hereunder may be removed at any time by the holders of a majority in principal amount of the Debentures then outstanding.

Upon its resignation or removal, any trustee shall be entitled to the payment of reasonable compensation for the services rendered hereunder by such trustee and to the payment of all reasonable expenses incurred hereunder and all moneys then due to it hereunder.

§11.05. (a) If the Trustee has or shall acquire any conflicting interest, as the term "conflicting interest" is defined in subdivision (d) of this §11.05, the Trustee shall, within ninety days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign, the resignation to become effective upon the appointment of a successor trustee and the acceptance by such successor trustee of such appointment. If the Trustee shall resign, the Company shall take prompt steps to have a successor appointed in the manner provided in §11.06.

(b) In the event that the Trustee shall fail to comply with the provisions of subdivision (a) of this §11.05, the Trustee shall, within ten days after the expiration of such ninety-day period, transmit notice of its failure in that regard to the holders of Debentures in the manner and to the extent provided in subdivision (c) of §10.01.

(c) Subject to the provisions of the last paragraph of §8.08, any holder of a Debenture who has been a bona fide holder of a Debenture for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor trustee, if the Trustee shall fail, after written request therefor by such holder, to comply with the provisions of subdivision (a) of this §11.05.

(d) For the purposes of this §11.05, the Trustee shall be deemed to have a conflicting interest, if

(1) the Trustee is trustee under another indenture under which any other securities, or certificates of interest or partici-

pation in any other securities of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Debentures; *provided, however*, that there shall be excluded from the operation of this paragraph (1) this Indenture and any such other indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if (i) this Indenture and such other indenture or indentures are wholly unsecured, and such other indenture or indentures are hereafter qualified under the Trust Indenture Act of 1939, unless the Securities and Exchange Commission shall have found and declared by order pursuant to subsection (b) of Section 305 or subsection (c) of Section 307 of the Trust Indenture Act of 1939 that differences exist between the provisions of this Indenture and the provisions of such other indenture which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as trustee under one of said indentures, or (ii) the Company shall have sustained the burden of proving, on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that trusteeship under this Indenture and such other indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as trustee under one of said indentures;

(2) the Trustee or any of its directors or executive officers is an obligor upon the Debentures or an underwriter for the Company;

(3) the Trustee directly or indirectly controls, or is directly or indirectly controlled by, or is under direct or indirect common control with, the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or executive officer of the Trustee and a director and/or an

executive officer of the Company, but may not be at the same time an executive officer of both the Trustee and the Company, and (B), if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the Trustee and a director of the Company, and (C) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary or in any other similar capacity, or, subject to the provisions of paragraph (1) of this subdivision (d), to act as trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or any other obligor on the Debentures or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of such voting securities is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more of such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as the term "default" is defined in Clause (B) of the second paragraph following paragraph (9) of this subdivision (d), (A) 5% or more of the voting securities, or 10% or more of any other class of security, of the Company, not including Debentures and not including securities issued under any other indenture under which the Trustee is also trustee, or (B) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as the term "default" is defined in Clause (B) of the second paragraph following paragraph (9) of this subdivision (d), 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly, or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as the term "default" is defined in Clause (B) of the second paragraph following paragraph (9) of this subdivision (d), 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company; or

(9) the Trustee owns, on May 15 in any year, in the capacity of executor, administrator, testamentary or *inter vivos* trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), paragraph (7) or paragraph (8) of this subdivision (d). As to any of such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15, in each year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company shall fail to make payment in full of principal of or interest on any of the Debentures, when and as the same becomes due and payable, and such failure shall continue for thirty days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such thirty-day period, and after such date, notwithstanding the foregoing provisions of this paragraph (9), all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee, for the purposes of paragraphs (6), (7) and (8) of this subdivision (d).

The specification of percentages in paragraphs (5) to (9), inclusive, of this subdivision (d) shall not be construed as indicating that

the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or paragraph (7) of this subdivision (d).

For the purposes of paragraphs (6), (7), (8) and (9) of this subdivision (d), (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for thirty days or more and shall not have been cured; and (C) the Trustee shall not be deemed the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as the term "default" is defined in this paragraph, or (ii) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (iii) any security which it holds as agent for collection, or as a custodian, escrow agent or depository, or in any similar representative capacity.

For the purposes of this subdivision (d) the term "underwriter" when used with reference to the Company means every person who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has sold for the Company in connection with, the distribution of any security of the Company which is outstanding at the time the determination is made, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking; but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

For the purposes of this subdivision (d) the term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents

for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

The percentages of voting securities and other securities specified in this subdivision (d) shall be calculated in accordance with the following provisions:

(A) A specified percentage of the voting securities of a person means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(B) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(C) The term "amount", when used in regard to securities, means the principal amount, if relating to evidences of indebtedness; the number of shares, if relating to capital shares; and the number of units, if relating to any other kind of security.

(D) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) Securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) Securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) Securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise;

(iv) Securities held in escrow, if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding, if any person other than the issuer is entitled to exercise the voting rights thereof.

(E) A security shall be deemed to be of the same class as another security, if both securities confer upon the holder or holders thereof substantially the same rights and privileges; *provided, however*, (1) that, in the case of secured evidences of indebtedness all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes, and (2) that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

The term "the Company", whenever used in this subdivision (d), shall include every other person which, at the time in question, is an obligor on the Debentures.

§11.06. In case at any time the Trustee shall resign, or shall be removed (unless the Trustee shall be removed as provided in subdivision (c) of §11.05, in which event the vacancy shall be filled as provided in said subdivision), or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a successor trustee may be appointed by the holders of a majority in principal amount of the Debentures then outstanding; but, until a successor trustee shall have been so appointed by the holders of Debentures as herein authorized, the Company by a resolution of its Board of Directors or, in case all or substantially all of the assets of the Company shall be in the possession of one or more receivers lawfully appointed, or of trustees in bankruptcy or reorganization proceedings (including a trustee or trustees appointed under the provisions of bankruptcy laws), or of assignees for the benefit of creditors, such receivers, trustees or assignees, as the case may be, by an instrument in writing, shall appoint a successor trustee. Upon the appointment and acceptance as aforesaid of a successor trustee the Trustee shall cease to be trustee hereunder. After any such appointment other than by the holders of Debentures, the person making such appointment shall forthwith cause

notice thereof to be mailed in the manner provided in subdivision (c) of §10.01, and to be published in an authorized newspaper in Toronto, Canada and in an authorized newspaper in the Borough of Manhattan, The City of New York, on at least two different days; but any successor trustee so appointed shall, immediately and without further act, be superseded by a successor trustee appointed by the holders of Debentures in the manner above prescribed, if such appointment be made prior to the expiration of one year from the date of such notice by the Company, or by such receivers, trustees or assignees.

If any trustee shall resign because of a conflict of interest as provided in subdivision (a) of §11.05 and a successor trustee shall not have been appointed by the Company or by the holders of Debentures, or, if any successor trustee so appointed shall not have accepted its appointment within thirty days after such appointment shall have been made, the resigning trustee may apply to any court of competent jurisdiction for the appointment of a successor trustee. If in any other proper case a successor trustee shall not be appointed pursuant to the foregoing provisions of this §11.06 within three months after such appointment might have been made hereunder, the holders of any Debenture or any retiring trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Such court may thereupon, in any such case, after such notice, if any, as such court may deem proper and prescribe, appoint a successor trustee.

The Company covenants that whenever necessary to avoid or fill a vacancy in the office of trustee, the Company will, in the manner provided in this §11.06, appoint a successor trustee and that there shall at all times be a trustee under this Indenture, which shall at all times be a corporation organized and doing business under the laws of Canada or one of the provinces of Canada or of the United States or of the State of New York, in good standing and having its principal office in Canada, or in the Borough of Manhattan, The City of New York, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by Federal or State or Dominion or Provincial authority and which has a combined capital and surplus of not less than \$5,000,000. For the purposes of this §11.06 the combined capital and surplus of any such trustee shall be deemed to be the combined capital and surplus as set forth in the most recent report of its condition published by such trustee, provided that

such reports are published at least annually, pursuant to law or to the requirements of a Federal or State or Dominion or Provincial supervising or examining authority. If the Trustee or any successor shall at any time cease to have the qualifications prescribed in this paragraph, it shall promptly resign as trustee hereunder.

Any successor trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor trustee and to the Company, or to the receivers, trustees, assignees or court appointing it, as the case may be, an instrument accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor trustee with like effect as if originally named as trustee hereunder, and such predecessor trustee shall thereupon become obligated to pay over and such successor trustee shall be entitled to receive, all moneys on deposit with or held by such predecessor trustee as trustee hereunder. Nevertheless, on the written request of the Company or of the successor trustee or of the holders of 10% in principal amount of the Debentures then outstanding, such predecessor trustee, upon payment of its charges and disbursements then unpaid, shall execute and deliver an instrument transferring to such successor trustee upon the trusts herein expressed all the rights, powers and trusts of such predecessor trustee, and shall assign, transfer and deliver to the successor trustee all moneys and properties held by such predecessor trustee; and upon request of any such successor trustee, the Company shall make, execute, acknowledge and deliver any and all instruments in writing for more fully and effectively vesting in and confirming to such successor trustee all such rights, powers, trusts, immunities, duties and obligations.

§11.07. Any corporation into which the Trustee or any successor to it in the trusts created by this Indenture may be merged, or any corporation with which it or any successor to it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee or any such successor to it shall be a party, or any corporation to which the Trustee or any successor to it shall sell or otherwise transfer all or substantially all the assets and business of the Trustee, shall be the successor trustee under this Indenture without the execution or filing of any paper or any further act on the part of any of the

parties hereto, anything herein to the contrary notwithstanding; *provided, however*, that such corporation shall have the qualifications prescribed in §§11.05 and 11.06. In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Debentures shall have been certified but not delivered, any such successor to the Trustee may adopt the certificate of the original Trustee or of any successor to it as trustee hereunder, and deliver such Debentures so certified; and in case at any time any of the Debentures shall not have been certified, any successor to the Trustee by merger or consolidation may certify such Debentures either in the name of its predecessor hereunder or in the name of the successor trustee; and in all such cases such certificate shall have the full force which it is anywhere in the Debentures or in this Indenture provided that the certificate of the Trustee shall have.

§11.08. (a) If the Trustee in its individual capacity shall be, or shall become, a creditor, directly or indirectly, secured or unsecured, of the Company (other than in a relationship specified in subdivision (f) of this §11.08), within four months prior to a default, as the term "default" is defined in subdivision (e) of this §11.08, or subsequent to such a default, then, unless and until such default shall be made good, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the holders of Debentures and the holders of any other indenture securities, as the term "other indenture securities" is defined in said subdivision (e):

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subdivision (a), or from the exercise of any right of set-off which the Trustee could have exercised, if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof or otherwise, after the beginning

of such four months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

(b) Nothing contained in this §11.08 shall affect the right of the Trustee:

(1) to retain for its own account (i) payments made on account of any such claim by any person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to bankruptcy laws;

(2) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four months' period;

(3) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in subdivision (e) of this §11.08, would happen within four months; or

(4) to receive payment on any claim referred to in paragraph (2) or paragraph (3) of this subdivision (b) against the release of any property held as security for such claim as provided in said paragraph (2) or said paragraph (3), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (2), (3) and (4) of this subdivision (b), property substituted after the beginning of such four months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim

referred to in any of such paragraphs is created in renewal of, or in substitution for, or for the purpose of repaying or refunding, any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

(c) If the Trustee shall be required to account, the funds and property held in a special account pursuant to the provisions of this §11.08 and the proceeds thereof shall be apportioned among the Trustee, the holders of Debentures and the holders of other indenture securities in such manner that the Trustee, the holders of Debentures and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to applicable law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee, the holders of Debentures and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to applicable law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this subdivision (c) with respect to any claim, the term "dividends" shall include any distribution with respect to such claim in bankruptcy or receivership or in proceedings for reorganization pursuant to applicable law, whether such distribution is made in cash, securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceeding for reorganization shall be pending shall have jurisdiction (i) to apportion among the Trustee, the holders of Debentures and the holders of other indenture securities, in accordance with the provisions of this subdivision (c), the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment thereof, in whole or in part, to give to the provisions of this subdivision (c) due consideration in determining the fairness of the distributions to be made to the Trustee, the holders of Debentures and

the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this subdivision (c) as a mathematical formula.

(d) In case the Trustee shall have resigned or been removed after the beginning of such four months' period, the Trustee shall be subject to the provisions of this §11.08 as though such resignation or removal had not occurred. If the Trustee shall have resigned or been removed prior to the beginning of such four months' period, it shall be subject to the provisions of this §11.08 if and only if the receipt of property or reduction of claim which would have given rise to the obligation to account, if the Trustee had continued as such trustee hereunder, had occurred after the beginning of such four months' period and within four months after such resignation or removal.

(e) As used in this §11.08, the term "default" means any failure to make payment in full of principal of or interest on the Debentures or any other indenture securities, when and as such principal or interest becomes due and payable; and the term "other indenture securities" means securities upon which the Company is an obligor (as the term "obligor" is defined in the Trust Indenture Act of 1939) outstanding under any other indenture under which the Trustee is also trustee and which contains provisions substantially similar to the provisions of this §11.08 and under which a default exists at the time of the apportionment of the funds and property held in said special account.

(f) None of the foregoing provisions of this §11.08 shall be applicable in respect of a creditor relationship arising from:

- (1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;
- (2) if any property other than cash shall at any time be subject to the lien of this Indenture, advances authorized by a receivership or bankruptcy court of competent jurisdiction or by

the instrument subjecting such property to such lien, made for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advance and of the circumstances surrounding the making thereof is given to the Debentureholders as provided in subdivisions (a), (b) and (c) of §10.01 with respect to advances by the Trustee as such;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in this subdivision (f);

(5) the ownership of stock or other securities of a corporation organized under the provisions of Section 25(a) of the United States Federal Reserve Act as amended which is directly or indirectly a creditor of the Company; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper, as the term "self-liquidating paper" is defined in this subdivision (f).

The term "security" or "securities" as used in this subdivision (f) shall have the same meaning as the definition, singular and plural, respectively, of the term "security" as that term is defined in the Securities Act of 1933, as amended prior to the date hereof.

The term "cash transaction" as used in paragraph (4) of this subdivision (f) means any transaction in which full payment for goods or securities sold is made within seven days after the delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand.

The term "self-liquidating paper" as used in paragraph (6) of this subdivision (f) means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and

which is secured by documents evidencing title to, possession of or a lien upon the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided that the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

The term "the Company", whenever used in this §11.08, shall include every other person which, at the time in question, is an obligor on the Debentures.

ARTICLE 12.

Defeasance.

§12.01. If and when the principal of, and the interest on, all the Debentures and all other sums due hereunder shall have been well and truly paid at the times and in the manner therein and herein expressed, this Indenture shall cease and determine, and, at the written request of the Company, accompanied by the officers' certificate and opinion of counsel required by §17.03, and upon payment of the costs, charges and expenses incurred or to be incurred by the Trustee in relation thereto or in carrying out the provisions of this Indenture, the Trustee shall cancel and satisfy this Indenture.

§12.02. If, at or prior to the maturity of the Debentures, the Company shall deposit with the Trustee, in trust for the *pro rata* benefit of the holders thereof, funds sufficient to pay all sums, for principal and interest due or to become due on the Debentures and the coupons at the time outstanding, and shall pay all costs, charges and expenses incurred or to be incurred by the Trustee in relation thereto or in carrying out the provisions of this Indenture, and (unless all the Debentures at the time outstanding shall mature not more than six months after the date of such deposit) upon delivery to the Trustee of (1) proof satisfactory to the Trustee that notice of redemption of all outstanding Debentures on a specified redemption date has been given as in Article 5 provided; or (2) proof satisfactory to the Trustee that arrangements have been made insuring to the satisfaction of the Trustee that such notice will be so given; or (3) a written instrument

executed by the Company under its corporate seal, and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Company, the Trustee, on the written request of the Company accompanied by the officers' certificate and opinion of counsel required by §17.03, shall cancel and satisfy this Indenture. Subject to the provisions of Article 4 hereof, the Trustee shall apply the moneys so deposited to the payment to the holders of Debentures of all sums due and to become due thereon for principal and interest.

§12.03. Unless otherwise provided in this Indenture, any moneys held by the Trustee, which under the trusts of this Indenture may be on deposit with the Trustee or which may be in the hands of the Trustee, may (and shall on the written order of the Company) be invested and reinvested in the name or under the control of the Trustee in any bonds or other obligations which as to principal and interest constitute direct obligations of or obligations fully guaranteed by the Government of Canada or direct obligations of the United States of America. Such bonds or other obligations shall mature not later than the date on which the moneys with which the same were purchased are required to be applied to a specific purpose under this Indenture. Pending such investment such moneys may be placed by the Trustee on deposit in some chartered bank in Canada or with some bank in The City of New York or with its own deposit department. The Trustee shall allow interest at the current rate for deposits of money remaining on deposit with it and shall credit the Company with interest received on moneys deposited with other depositaries and with interest on all moneys invested as herein provided.

Any moneys deposited pursuant to the provisions of this Indenture, and remaining unclaimed for six years after the maturity of the Debentures or after the date fixed for the redemption thereof in the case of moneys deposited for the payment of Debentures called for redemption prior to the date of maturity therein expressed, shall be repaid by the Trustee thereof to the Company upon its request, and thereafter, anything in this Indenture to the contrary notwithstanding, any rights of the holders of Debentures and coupons in respect to which such moneys shall have been deposited shall be enforceable only against the Company.

Any moneys which at any time shall be deposited by the Company or on its behalf with the Trustee, as paying agent or otherwise

under this Indenture, shall be and are hereby assigned, transferred and set over to the Trustee in trust for the purpose for which such moneys shall have been deposited; but such moneys need not be segregated from other funds except to the extent required by law.

ARTICLE 13.

Immunity of Officers, Shareholders and Directors

The obligations on the part of the Company expressed herein and in the Debentures and the coupons are solely corporate obligations and no action, suit or proceeding shall be instituted or maintained in respect thereof against any officer, director or shareholder (present, past or future) of the Company, either directly or through the Company or otherwise.

Nothing contained herein or in the Debentures or the coupons shall be taken, however, to prevent recourse to and the enforcement of the liability of any shareholder of the Company for uncalled capital or the liability of any such shareholder upon unsatisfied calls.

ARTICLE 14.

Consolidation, Merger and Sale.

§14.01. Nothing contained in this Indenture or in the Debentures shall be deemed to prevent the consolidation or merger of the Company with or into any other corporation, or the merger into the Company of any other corporation, or the sale by the Company of its property and assets as, or substantially as, an entirety, or otherwise; *provided, however*, (1) that, in case of any such consolidation or merger, the corporation resulting from such consolidation or any corporation other than the Company into which such merger shall be made shall succeed to and be substituted for the Company with the same effect as if it had been named herein as the party of the first part hereto and shall become liable and be bound for, and shall expressly assume, by indenture in form satisfactory to the Trustee executed and delivered to the Trustee, the due and punctual payment of the principal of, and the interest on, all the Debentures then outstanding and the performance and observance of each and every covenant and condition of this Indenture on the part of the Company to be performed or observed, and (2) that, as a condition of any such sale of the property and assets of the Company

as, or substantially as, an entirety, the corporation to which such property and assets shall be sold shall (a) expressly assume, as a part of the purchase price thereof, the due and punctual payment of the principal of, and the interest on, all the Debentures and the performance and observance of all the covenants and conditions of this Indenture on the part of the Company to be performed or observed, and (b) simultaneously with the delivery to it of the conveyances or instruments of transfer of such property and assets, execute and deliver to the Trustee a proper indenture in form satisfactory to the Trustee, whereby such purchasing corporation shall so assume the due and punctual payment of the principal of, and the interest on, all the Debentures then outstanding and the performance and observance of each and every covenant and condition of this Indenture on the part of the Company to be performed or observed, to the same extent that the Company be bound and liable. Notwithstanding anything contained in this Article 14, the Company shall not in any event be released from its liabilities or obligations with respect to the Debentures or under this Indenture or any indentures supplemental hereto. No securities shall be issued in exchange for or in replacement of the Debentures, in the course of or as a result of any transaction permitted by this Article 14, which are not subordinated to the First Mortgage Pipe Line Bonds and to Other Prior Indebtedness at least to the same extent as the Debentures are subordinated by the provisions hereof. No securities shall be issued in exchange for or in replacement of any Subordinated Debt, in the course of or as a result of any transaction permitted by this Article 14, which are not subordinated to the Debentures at least to the same extent as such Subordinated Debt is subordinated.

§14.02. The Company will not consolidate with any other corporation or permit the Company to be merged into any other corporation, or sell its property and assets as, or substantially as, an entirety except upon the terms and conditions set forth in this Article 14. Upon any consolidation or merger, or any sale of the property and assets of the Company as, or substantially as, an entirety in accordance with the provisions of this Article 14, the corporation formed by such consolidation or into which the Company shall have been merged or to which such sale shall have been made shall succeed to and be substituted for the Company with the same effect as if it had been named herein as a party hereto, and thereafter from time to time such corporation may exercise each and every right and power of the Company under this Indenture, in the name of the Company or in its

own name; and any act or proceeding by any provision of this Indenture required or permitted to be done by the Board of Directors or officers of the Company may be done with like force and effect by the board of directors or officers of any corporation that shall at the time be the successor of the Company hereunder.

ARTICLE 15.

Supplemental Indentures.

§15.01. The Company and the Trustee may, from time to time and at any time, enter into such indentures supplemental hereto as shall be deemed by them necessary or desirable, for one or more of the following purposes:

(a) To add to the covenants and agreements of the Company for the protection or benefit of the holders of Debentures;

(b) To evidence the succession of another corporation to the Company, or to any successor corporation, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the Debentures and coupons and under this Indenture; and

(c) For any other purpose not inconsistent with the terms of this Indenture, or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provisions, contained herein or in any supplemental indenture.

The Trustee, to the extent permitted by §11.02, shall be fully protected in relying upon the request of the Company as proof of the necessity or desirability of any supplemental indenture provided for in this §15.01 and upon an officers' certificate and an opinion of counsel that such supplemental indenture complies with the provisions of this §15.01.

§15.02. Subject to the terms and provisions contained in this Section and in Article 16 hereof, and not otherwise, the Company and the Trustee may execute such indenture or indentures supplemental hereto as shall be by the Company deemed necessary or desirable for the purpose of modifying or amending in any particular not provided for under §15.01 any of the terms or provisions contained in this Inden-

ture or in any supplemental indenture or in any Debenture or coupon, with the consent of holders of a majority in aggregate principal amount of the Debentures at the time outstanding; *provided, however*, that nothing herein contained shall permit, or be construed as permitting (a) the extension of the maturity of the Debentures or any coupons, or the reduction in the rate of interest on the Debentures, or any change in the sinking fund requirements, or any other modification in the terms of payment of principal or interest, or of the currency in which payable, without the express consent of the holders of such Debentures, or (b) the reduction of the aforesaid proportion of Debentures, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Debentures outstanding.

§15.03. Whenever the Company shall deliver to the Trustee evidence of the consent by the holders of at least a majority in aggregate principal amount of the Debentures then outstanding, which consent shall refer to the substance of a proposed supplemental indenture and shall specifically consent to and approve the execution thereof, but need not refer to a particular form thereof, together with an officers' certificate and an opinion of counsel, thereupon, but not otherwise, the Trustee shall execute subject to §11.02 such supplemental indenture, without liability or responsibility to any holder of any Debenture, whether or not such holder shall have consented thereto, and no holder of any Debenture shall have any right or interest to object to the execution of such supplemental indenture or to object to any of the terms or provisions therein contained, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Company from executing the same or from taking any action pursuant to the provisions thereof.

§15.04. Any supplemental indenture executed in accordance with any of the provisions of this Article 15 shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provisions authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes, and the respective rights, duties and obligations under this Indenture of the Company, the Trustee and all holders of outstanding Debentures shall thereafter be determined, exercised and enforced hereunder subject,

in all respects, to such modifications and amendments; *provided, however*, that all modifications of or additions to the terms of this Indenture shall conform to the provisions of the Trust Indenture Act of 1939 as such Act shall be in effect at the time of execution of such supplemental indenture and that no such supplemental indenture shall modify the rights, duties and immunities of the Trustee without its written consent.

ARTICLE 16.

Meetings of Debentureholders.

§16.01. The Trustee or the Company may and the Trustee shall from time to time at the request in writing of Debentureholders holding not less than 10% in principal amount of the Debentures then outstanding convene a meeting of the Debentureholders. In the event of the Trustee failing to convene a meeting after being thereunto required by the Debentureholders as above set forth Debentureholders holding not less than 10% in principal amount of the Debentures then outstanding may themselves call such meeting. Every such meeting shall be held in the City of Toronto, Canada, or at such other place as the Trustee shall determine.

§16.02. At least 15 days' notice specifying the place, day and hour of meeting and the general nature of the business to be transacted shall be given previously to any meeting of Debentureholders but it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall be mailed to the Debentureholders in the manner provided in subdivision (c) of §10.01 hereof, and shall be published in authorized newspapers in Montreal, Toronto, Winnipeg, Calgary and Vancouver, Canada and in the Borough of Manhattan, The City of New York, at least twice in two successive weeks. A copy of such notice shall be submitted to the Trustee and to the Company before the same is mailed or published and shall be sent by mail to the Trustee and to the Company unless the meeting shall be convened by it. The accidental omission to give notice of a meeting to any holders of registered Debentures shall not invalidate any resolution passed at such meeting.

§16.03. At any meeting Debentureholders present in person or by proxy and representing 25% of the principal amount of the Debentures

for the time being outstanding shall form a quorum for the transaction of business.

§16.04. The person nominated in writing by the Trustee shall be entitled to take the chair at any such meeting but if no such person is nominated or if the person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting the Debentureholders present shall choose one of their number to be Chairman.

§16.05. If a quorum of the Debentureholders as above defined shall not be present within half an hour after the time fixed for the holding of any meeting, the meeting if summoned by or on the requisition of Debentureholders shall be dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week (or, if such day be not a business day, to the next following business day) at the same time and place and if at such adjourned meeting a quorum as above defined is not present, the meeting shall be dissolved. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the requisite quorum be present at the commencement of the business.

§16.06. Every question submitted to a meeting (except where the terms hereof require the consent of the holders of a specified percentage of outstanding Debentures) shall be decided in the first instance by a majority of the votes given on a show of hands. The Chairman of any meeting shall be entitled both on a show of hands and on a poll to vote in respect of the Debentures (if any) held by him.

§16.07. On every question submitted to a meeting when demanded by the Chairman or by one or more Debentureholders holding at least \$5,000 in principal amount of the Debentures, a poll shall be taken. If a poll is demanded as aforesaid on the election of a Chairman or on a question of adjournment it shall be taken forthwith without adjournment. If at any meeting a poll is so demanded on any other question it shall be taken in such manner and either at once or after adjournment as the Chairman directs. The result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. Unless a poll is demanded or required a declaration by the Chairman that a

resolution has been carried or carried unanimously or by any particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The Chairman may with the consent of any such meeting adjourn the same from time to time and save as herein otherwise expressly provided no notice of such adjournment need be given to the Debentureholders.

§16.08. At any such meeting each Debentureholder shall be entitled on a show of hands to one vote only and upon a poll to one vote for every \$100 principal amount of Debentures held by him. Votes may be given in person or by proxy and a proxy need not be a Debentureholder. For purposes of voting at a meeting of Debentureholders, no distinction shall be made between Canadian Series Debentures and United States Series Debentures.

§16.09. The Company and the Trustee by their respective officers and directors may attend any meeting of the Debentureholders. Counsel for the Company and the Trustee may also attend any meeting.

§16.10. The Trustee may from time to time (for the purpose of enabling Debentureholders to be present and vote at such meeting by proxy) make and from time to time vary such regulations as it shall think fit for

(a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and for the production of the authority of any person signing on behalf of a Debentureholder;

(b) the deposit of the instrument appointing a proxy at such place as the Trustee (or the Company in case the meeting is convened by the Company) may in the notice convening the meeting direct and the time before the holding of the meeting or adjourned meeting at which the same shall be deposited;

(c) the lodging of instruments appointing a proxy at some place other than the place at which the meeting is to be held and for particulars of such instruments appointing proxies to be cabled or telegraphed before the meeting to the Company or to the Trustee at the place where the same is to be held and that proxies so deposited may be voted upon as though the instruments themselves were produced at the meeting,

and any regulations so made if made or approved by the Trustee shall be binding and effective and votes given in accordance therewith shall be valid and shall be counted.

The holders of registered Debentures may, subject to the regulations, if any, as aforesaid, by an instrument in writing under their hand appoint any person as their proxy to vote at any meeting for them.

Save as aforesaid the only persons who shall be recognized at any meeting as the holders of any Debentures or as entitled to vote or to be present at the meeting in respect thereof shall be the persons who produce such Debentures at the meeting or the registered holders of such Debentures.

§16.11. A meeting of Debentureholders shall have the following powers:

(a) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Debentureholders pursuant to any of the provisions of this Indenture;

(b) to remove the Trustee and appoint a successor trustee pursuant to the provisions of §§11.04 and 11.06 hereof;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of §15.02 hereof; or

(d) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Debentures under any other provision of this Indenture, under the Note Purchase Agreement or under applicable law.

Any of the foregoing powers may be exercised by a resolution passed at a meeting of the Debentureholders duly convened and held in accordance with the provisions herein contained at which there are present or represented by proxy holders of the same percentage of the principal amount of Debentures for the time being outstanding as are required by the provisions of this Indenture to exercise any such power.

A resolution passed at a meeting of the Debentureholders duly convened and held in accordance with this Indenture shall be binding upon

all the Debentureholders whether present or not present at such meeting and as if those not voting in favor of such resolution had concurred therein and each of the Debentureholders and the Trustee shall, subject to the provisions for its indemnity in this Indenture contained, be bound to give effect thereto accordingly.

Anything herein contained to the contrary notwithstanding, a writing or writings signed by the holders of a particular percentage or proportion of outstanding Debentures shall for all purposes have the same effect as the affirmative vote of the holders of such percentage or proportion at a meeting held pursuant to this Article 16.

§16.12. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Company and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be conclusive evidence of the matters therein stated and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat or proceedings had to have been duly passed and had.

ARTICLE 17.

Miscellaneous Provisions.

§17.01. Subject to the provisions in this Indenture conferring rights upon the holders of Prior Indebtedness or their Designated Representatives, nothing in this Indenture expressed or that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon or to give to any person or corporation other than the parties hereto and the holders of the Debentures and coupons any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Indenture contained shall be for the sole and exclusive benefit of the parties hereto and their successors and of the holders of the Debentures and coupons.

§17.02. All Debentures paid or redeemed, or delivered to the Trustee for the sinking fund or otherwise retired or surrendered in

exchange for new Debentures pursuant to any of the provisions of this Indenture, and all coupons appurtenant thereto, and all coupons paid, shall be cancelled by the Trustee and no Debentures or coupons shall be issued under this Indenture in lieu thereof. The Trustee shall cremate all Debentures so surrendered to it and shall from time to time deliver certificates of such cremation to the Company.

§17.03. As evidence of compliance with the conditions precedent provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) which relate to the satisfaction and discharge of this Indenture or to any other action to be taken by the Trustee at the request or upon the application of the Company, the Company will furnish to the Trustee an officers' certificate stating that such conditions precedent have been complied with and an opinion of counsel stating that in his opinion such conditions precedent have been complied with.

Unless herein otherwise expressly provided and to the extent permitted by §11.02, any order, notice, request, certificate or statement of the Company required or permitted to be filed with the Trustee or to be made or given under any provision hereof, shall be sufficient if it shall have been signed by the President or one of the Vice-Presidents and by the Treasurer or one of the Assistant Treasurers or the Secretary or one of the Assistant Secretaries of the Company.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include (1) a statement that the person making such certificate or opinion has read such condition or covenant; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

§17.04. Subject to the provisions of Article 4 and §12.03 hereof, all moneys received by the Trustee at any time as the purchase price of Subordinated Notes purchased pursuant to the Note Purchase Agree-

ment shall be applied by the Trustee first toward the payment of any interest on the Debentures accrued and unpaid and then toward the payment of interest on the Debentures payable on the next succeeding interest payment date or dates subsequent to the receipt thereof by the Trustee. Any moneys so received by the Trustee and held by it at the time of the satisfaction and cancellation of this Indenture shall be paid over to the Company by the Trustee.

§17.05. If any provision of this Indenture limits, qualifies or conflicts with another provision included in this Indenture which is required to be included in this Indenture by any of the provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

§17.06. Any notice or demand authorized by this Indenture to be served on or given to the Company shall be sufficiently served or given for all purposes, if it shall be sent by registered mail to the Company addressed to it at Calgary, Province of Alberta, Canada, or at such other address as may have been furnished in writing to the Trustee by the Company.

§17.07. The Trustee hereby designates and appoints, without power of revocation, The First National City Bank of New York (including any successor thereto by merger, consolidation or otherwise) as its agent upon whom may be served all process, pleadings and other papers in any civil suit or action brought against it arising out of any of the provisions of this Indenture or the Debentures or the coupons or the United States Trust Indenture Act of 1939, in any court of competent jurisdiction, Federal, state or territorial, located in the United States or in its territories.

§17.08. This Indenture and the Debentures and coupons issued hereunder shall be deemed to be contracts made under the laws of the Province of Ontario and for all purposes shall be construed in accordance with the laws of said Province.

§17.09. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its Corporate Seal to be hereunto affixed attested by the hands of its President or one of its Vice-Presidents and its Secretary or one of its Assistant Secretaries duly authorized in that behalf and Montreal Trust Company, in evidence of its acceptance of the trust hereby created, has caused its Corporate Seal to be hereunto affixed attested by the hands of its officers duly authorized in that behalf all as of the first day of January, 1957.

TRANS-CANADA PIPE LINES LIMITED

[CORPORATE SEAL]

A. P. CRAIG
Vice President

N. JOHN MCNEILL
Secretary

MONTREAL TRUST COMPANY

[CORPORATE SEAL]

J. G. HAXTON
Manager at Toronto

D. B. MACKLAIR
Assistant Manager

SCHEDULE A.

[FORM OF FULLY REGISTERED CANADIAN SERIES DEBENTURE]

TRANS-CANADA PIPE LINES LIMITED

5.85% SUBORDINATED DEBENTURE DUE 1987,

CANADIAN SERIES—DUE JANUARY 1, 1987

No.

\$.....(Canadian)

AS STATED IN THIS DEBENTURE, THE RIGHTS OF THE HOLDER HEREOF HAVE BY THE INDENTURE AND SUCH DEEDS OF SUBORDINATION AS HAVE FROM TIME TO TIME BEEN EXECUTED AND DELIVERED BY THE TRUSTEE BEEN SUBORDINATED TO ALL FIRST MORTGAGE PIPE LINE BONDS AND ALL OTHER PRIOR INDEBTEDNESS OF THE COMPANY, AND BY ACCEPTANCE HEREOF THE HOLDER HEREOF IRREVOCABLY AUTHORIZES THE EXECUTION AND DELIVERY BY THE TRUSTEE IN HIS BEHALF OF ADDITIONAL DEEDS OF SUBORDINATION FURTHER TO ASSURE SUCH SUBORDINATION. COPIES OF SUCH DEEDS OF SUBORDINATION AS HAVE BEEN DELIVERED ARE ON FILE WITH THE TRUSTEE.

TRANS-CANADA PIPE LINES LIMITED, a corporation created by and existing under a Special Act of Parliament of Canada, Statutes of Canada 15 Geo. VI Chap. 92 (hereinafter called the "Company", which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to

or registered assigns, the sum of _____ Dollars on January 1, 1987 (unless before that date this Debenture shall have been called for redemption and payment duly provided in accordance with the provisions of the Indenture hereinafter mentioned) in lawful money of Canada and to pay to the registered owner hereof interest thereon in like money from the date hereof or from the last interest payment date on which interest has been paid on this Debenture, whichever is later, at the rate of 5.85% per annum, payable semi-annually on the first days of January and July in each year until said principal

amount shall have become due and payable, and at the same rate, in like money, on any overdue interest or overdue principal.

The principal of and interest on this Debenture shall be payable in Canada at any branch of The Royal Bank of Canada or The Canadian Bank of Commerce, and in the United States at the offices of The Royal Bank of Canada Trust Company or The Canadian Bank of Commerce Trust Company in the Borough of Manhattan, The City of New York. As the interest on this Debenture matures (except interest payable at maturity or on redemption which shall be paid upon presentation and surrender of this Debenture for payment) the Company shall forward or cause to be forwarded, postage prepaid, to the registered owner, at his address appearing on the appropriate register, a warrant or check for such interest (less any tax required to be deducted) payable to the order of such owner and negotiable at par at each of the places at which interest upon this Debenture is payable. The forwarding of such warrant or check, as the case may be, shall satisfy and discharge the liability for the interest upon this Debenture to the extent of the sums represented thereby (plus the amount of any tax deducted as aforesaid) unless such warrant or check be not paid on presentation, provided that in the event of the non-receipt of such warrant or check by the registered owner, or the loss or destruction thereof, the Company upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it shall issue to such registered owner a replacement warrant or check for the same amount.

This Debenture is one of a duly authorized series of Subordinated Debentures due 1987 (herein called the "Debentures") of the Company, which series is designated as "5.85% Subordinated Debentures due 1987, Canadian Series" (herein called the "Canadian Series Debentures") of the Company, and which is limited to the aggregate principal amount of \$54,166,700. All the Debentures are issued or to be issued under and equally entitled to the benefits of an indenture (herein called the "Indenture"), dated as of January 1, 1957, executed by the Company to Montreal Trust Company (herein called the "Trustee"), as Trustee, to which Indenture reference is hereby made for a statement of the rights, duties and immunities of the Trustee and the Company and

of the rights and the limitations of the rights of the holders of the Debentures and the coupons for interest on the coupon Debentures. An additional series of Debentures, designated "5.60% Subordinated Debentures due 1987, United States Series", payable as to principal and interest in United States currency and limited in aggregate principal amount to \$20,833,300, has also been issued under the Indenture. No further series of Debentures may be issued under the Indenture.

The indebtedness evidenced by the Debentures and the coupons for interest on the coupon Debentures is expressly subordinated, in all respects, in the manner set forth in the Indenture, to the prior payment in full, first of the Company's First Mortgage Pipe Line Bonds in accordance with the terms of such Bonds and second of the Company's other Prior Indebtedness (as defined in the Indenture) in accordance with the terms of such Indebtedness, so that, as more fully set forth in the Indenture, (i) in the event of certain distributions of assets of the Company or any successor corporation, any thereof distributable to the holders of Debentures and coupons for interest thereon shall be applied first to the payment of the Company's First Mortgage Pipe Line Bonds and second to the payment of the Company's other Prior Indebtedness, and the rights of the holder hereof to receive such distributions are by acceptance hereof assigned to the holders of the Company's First Mortgage Pipe Line Bonds and other Prior Indebtedness or their representatives for such purposes, and (ii) during the continuance of an event of default with respect to such Bonds or other Prior Indebtedness which has not been waived neither the Company nor any successor corporation shall make any payment in respect of the principal of or interest on the Debentures or to any sinking fund for the Debentures, and any such payment made notwithstanding such prohibition, if received or held by the Trustee under certain circumstances, shall be held in trust and paid over first to the representative of the holders of First Mortgage Pipe Line Bonds, to the extent necessary to pay such Bonds in full in accordance with the terms thereof, and second to the representatives of the holders of the Company's other Prior Indebtedness to the extent necessary to pay such Indebtedness in full in accordance with the terms thereof, and, if received by the holder hereof under certain circumstances, shall be paid over first to the representative of the holders of First Mortgage Pipe Line Bonds, to the extent necessary to pay such Bonds in full in accordance with the terms

thereof, and second to the representatives of the holders of the Company's other Prior Indebtedness to the extent necessary to pay such Indebtedness in full in accordance with the terms thereof. This Debenture is issued subject to all said provisions, and each holder hereof, by accepting this Debenture and as a condition of and as part of the consideration for the issue hereof, agrees and consents thereto and shall be bound thereby. The holder hereof, by acceptance of this Debenture, also irrevocably authorizes and directs the Trustee as agent for such holder to take all such action and execute and deliver all such instruments as may be necessary or appropriate further to assure the subordination provided in the Indenture, including, without limitation, the execution and delivery of Deeds of Subordination (in substantially the form annexed to the Indenture) to be executed and delivered from time to time by the Trustee at the request of the Company in favor of the holders of First Mortgage Pipe Line Bonds and other Prior Indebtedness outstanding or to be outstanding. Each holder is bound by, and agrees and consents that all of his rights hereunder are subject to, all actions and all Deeds of Subordination and other instruments taken or executed and delivered by the Trustee pursuant to the provisions of the Indenture.

Nothing in the Indenture restricts or limits the right of the Company to issue other debentures under other indentures or to issue other indebtedness ranking senior to, *pari passu* with, or junior to, the Debentures.

Subject to the terms and conditions set forth in the Indenture, the Canadian Series Debentures are subject to redemption at any time or from time to time prior to maturity, at the option of the Company either as a whole or from time to time in part, or for the sinking fund, upon payment of the redemption price of 100% of the principal amount of the Debentures to be redeemed, together in each case with accrued interest to the redemption date, upon notice given by publication once in each of three separate calendar weeks in authorized newspapers in Montreal, Toronto, Winnipeg, Calgary and Vancouver, Canada and in the Borough of Manhattan, The City of New York (the first of such publications to be not more than 60 and not less than 30 days before the redemption date) provided, however, that if all the Debentures to be redeemed are registered Debentures, such notice may be given by mail to all holders of registered Debentures which

are to be redeemed at their addresses as they shall then appear on the appropriate register of the Company.

On January 1, 1970 and annually thereafter, the Canadian Series Debentures are entitled to the benefit of a sinking fund as and to the extent provided in the Indenture; and are severally subject to redemption through the operation of the sinking fund on the sinking fund redemption dates on notice as above set forth.

In the event of the selection for redemption (whether for the sinking fund or otherwise) of a portion only of the principal of this Debenture, payment of the redemption price will be made only (a) upon presentation of this Debenture for notation hereon of such payment of the portion of the principal of this Debenture so redeemed, or (b) upon surrender of this Debenture in exchange for a Debenture or Debentures of the same series (but only of authorized denominations) for the unredeemed balance of the principal amount of this Debenture.

To the extent permitted by, and as provided in, the Indenture, modifications or alterations of the Indenture and of the rights and obligations of the Company and of the holders of Debentures may be made with the consent of the Company and with the consent of the holders of not less than a majority in principal amount of the Debentures entitled to consent then outstanding given either at a meeting of Debentureholders or in writing; *provided, however*, that without the consent of the holder hereof no such modification or alteration shall be made which will affect the terms of payment of the principal or of interest on this Debenture.

In case a default, as defined in the Indenture, shall occur, the principal of all the Debentures at any such time outstanding under the Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be waived by the holders of a majority in principal amount of the Debentures outstanding.

This Debenture is transferable by the registered owner hereof, in person or by duly authorized attorney, in Canada at the offices of the Trustee in Montreal, Toronto, Winnipeg, Calgary and Vancouver, and in the United States at the principal trust office of The First

National City Bank of New York, in the Borough of Manhattan, The City of New York (or at such other offices in said cities as may be designated by the Company), upon surrender and cancellation of this Debenture and on presentation of a duly executed written instrument of transfer, and thereupon a new fully registered Debenture or Debentures, of the same series and aggregate principal amount as this Debenture, and in authorized denominations will be issued to the transferee or transferees in exchange herefor; and this Debenture, with or without other Debentures of the same series may in like manner be exchanged for one or more new fully registered Debentures of other authorized denominations but of the same series and aggregate principal amount. The registered owner of this Debenture may in like manner surrender the same for cancellation in exchange for the same aggregate principal amount of coupon Debentures in authorized denominations, of the same series, and with all appropriate coupons attached; provided, however, that no coupon Debenture will be issued prior to January 1, 1960 or such earlier date, but not earlier than November 1, 1958, as may be fixed by the Company. Any of the transfers or exchanges referred to above shall be made upon payment of the charges and subject to the terms and conditions set forth in the Indenture.

The Company, the Trustee, any paying agent and any Registrar may deem and treat the person in whose name this Debenture is registered as the absolute owner hereof for all purposes whatsoever, and neither the Company nor the Trustee nor any paying agent nor any Registrar shall be affected by any notice to the contrary.

The obligations on the part of the Company expressed herein and in the Indenture are solely corporate obligations and no action, suit or proceeding shall be instituted or maintained in respect thereof against any officer, director or shareholder (present, past or future) of the Company, either directly or through the Company or otherwise.

Nothing contained herein or in the Indenture shall be taken, however, to prevent recourse to and the enforcement of the liability of any shareholder of the Company for uncalled capital or the liability of any such shareholder upon unsatisfied calls.

This Debenture shall not become obligatory for any purpose, until certified by the Trustee, and countersigned by a Registrar, for the time being under the Indenture.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its Corporate Seal or a facsimile thereof to be hereto affixed or imprinted hereon and this Debenture to have placed hereon the engraved, lithographed, printed or otherwise mechanically reproduced signatures of its President or one of its Vice-Presidents and of its Secretary or one of its Assistant Secretaries as of the first day of January, 1957.

TRANS-CANADA PIPE LINES LIMITED

.....
President or Vice-President

.....
Secretary or Assistant Secretary

[CORPORATE SEAL]

[FORM OF COUPON CANADIAN SERIES DEBENTURE]

TRANS-CANADA PIPE LINES LIMITED

5.85% SUBORDINATED DEBENTURE DUE 1987,

CANADIAN SERIES—DUE JANUARY 1, 1987

No. \$.....(Canadian)

AS STATED IN THIS DEBENTURE, THE RIGHTS OF THE HOLDER HEREOF HAVE BY THE INDENTURE AND SUCH DEEDS OF SUBORDINATION AS HAVE FROM TIME TO TIME BEEN EXECUTED AND DELIVERED BY THE TRUSTEE BEEN SUBORDINATED TO ALL FIRST MORTGAGE PIPE LINE BONDS AND ALL OTHER PRIOR INDEBTEDNESS OF THE COMPANY, AND BY ACCEPTANCE HEREOF THE HOLDER HEREOF IRREVOCABLY AUTHORIZES THE EXECUTION AND DELIVERY BY THE TRUSTEE IN HIS BEHALF OF ADDITIONAL DEEDS OF SUBORDINATION FURTHER TO ASSURE SUCH SUBORDINATION. COPIES OF SUCH DEEDS OF SUBORDINATION AS HAVE BEEN DELIVERED ARE ON FILE WITH THE TRUSTEE.

TRANS-CANADA PIPE LINES LIMITED, a corporation created by and existing under a Special Act of Parliament of Canada, Statutes of Canada 15 Geo. VI Chap. 92 (hereinafter called the "Company", which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to bearer, or if this Debenture be registered as to principal, to the registered owner hereof, the sum of Dollars on January 1, 1987 (unless before that date this Debenture shall have been called for redemption and payment duly provided in accordance with the provisions of the Indenture hereinafter mentioned) in lawful money of Canada and to pay interest thereon in like money from the date hereof, at the rate of 5.85% per annum, payable semi-annually on the first days of January and July in each year until said principal amount shall have become due and payable, and at the same rate, in like money, on any overdue interest or overdue principal, but only, in case of interest due on or before maturity, according to the tenor and upon

presentation and surrender of the respective coupons therefor hereto attached as they severally mature. Interest payable on overdue interest shall be paid to the holder of the coupon representing such overdue interest or, if there be no coupon representing the same, to the holder of this Debenture.

The principal of and interest on this Debenture shall be payable in Canada at any branch of The Royal Bank of Canada or The Canadian Bank of Commerce, and in the United States at the offices of The Royal Bank of Canada Trust Company or The Canadian Bank of Commerce Trust Company in the Borough of Manhattan, The City of New York.

This Debenture is one of a duly authorized series of Subordinated Debentures due 1987 (herein called the "Debentures") of the Company, which series is designated as "5.85% Subordinated Debentures due 1987, Canadian Series" (herein called the "Canadian Series Debentures") of the Company, and which is limited to the aggregate principal amount of \$54,166,700. All the Debentures are issued or to be issued under and equally entitled to the benefits of an indenture (herein called the "Indenture"), dated as of January 1, 1957, executed by the Company to Montreal Trust Company (herein called the "Trustee"), as Trustee, to which Indenture reference is hereby made for a statement of the rights, duties and immunities of the Trustee and the Company and of the rights and the limitations of the rights of the holders of the Debentures and the coupons for interest on the coupon Debentures. An additional series of Debentures, designated "5.60% Subordinated Debentures due 1987, United States Series", payable as to principal and interest in United States currency and limited in aggregate principal amount to \$20,833,300, has also been issued under the Indenture. No further series of Debentures may be issued under the Indenture.

The indebtedness evidenced by the Debentures and the coupons for interest on the coupon Debentures is expressly subordinated, in all respects, in the manner set forth in the Indenture, to the prior payment in full, first of the Company's First Mortgage Pipe Line Bonds in accordance with the terms of such Bonds and second of the Company's other Prior Indebtedness (as defined in the Indenture) in accordance with the terms of such Indebtedness, so that, as more fully set forth in the Indenture, (i) in the event

of certain distributions of assets of the Company or any successor corporation, any thereof distributable to the holders of Debentures and coupons for interest thereon shall be applied first to the payment of the Company's First Mortgage Pipe Line Bonds and second to the payment of the Company's other Prior Indebtedness, and the rights of the holder hereof to receive such distributions are by acceptance hereof assigned to the holders of the Company's First Mortgage Pipe Line Bonds and other Prior Indebtedness or their representatives for such purposes, and (ii) during the continuance of an event of default with respect to such Bonds or other Prior Indebtedness which has not been waived neither the Company nor any successor corporation shall make any payment in respect of the principal of or interest on the Debentures or to any sinking fund for the Debentures, and any such payment made notwithstanding such prohibition, if received or held by the Trustee under certain circumstances, shall be held in trust and paid over first to the representative of the holders of First Mortgage Pipe Line Bonds, to the extent necessary to pay such Bonds in full in accordance with the terms thereof, and second to the representatives of the holders of the Company's other Prior Indebtedness to the extent necessary to pay such Indebtedness in full in accordance with the terms thereof, and, if received by the holder hereof under certain circumstances, shall be paid over first to the representative of the holders of First Mortgage Pipe Line Bonds, to the extent necessary to pay such Bonds in full in accordance with the terms thereof, and second to the representatives of the holders of the Company's other Prior Indebtedness to the extent necessary to pay such Indebtedness in full in accordance with the terms thereof. This Debenture and the coupons for interest hereon are issued subject to all said provisions, and each holder hereof, by accepting this Debenture and such coupons and as a condition of and as part of the consideration for the issue hereof, agrees and consents thereto and shall be bound thereby. The holder hereof, by acceptance of this Debenture and such coupons, also irrevocably authorizes and directs the Trustee as agent for such holder to take all such action and execute and deliver all such instruments as may be necessary or appropriate further to assure the subordination provided in the Indenture, including, without limitation, the execution and delivery of Deeds of Subordination (in substantially the form annexed to the Indenture) to be executed and delivered from time to time by the

Trustee at the request of the Company in favor of the holders of First Mortgage Pipe Line Bonds and other Prior Indebtedness outstanding or to be outstanding. Each holder is bound by, and agrees and consents that all of his rights hereunder are subject to, all actions and all Deeds of Subordination and other instruments taken or executed and delivered by the Trustee pursuant to the provisions of the Indenture.

Nothing in the Indenture restricts or limits the right of the Company to issue other debentures under other indentures or to issue other indebtedness ranking senior to, *pari passu* with, or junior to, the Debentures.

Subject to the terms and conditions set forth in the Indenture, the Canadian Series Debentures are subject to redemption at any time or from time to time prior to maturity, at the option of the Company either as a whole or from time to time in part, or for the sinking fund, upon payment of the redemption price of 100% of the principal amount of the Debentures to be redeemed, together in each case with accrued interest to the redemption date, upon notice given by publication once in each of three separate calendar weeks in authorized newspapers in Montreal, Toronto, Winnipeg, Calgary and Vancouver, Canada and in the Borough of Manhattan, The City of New York (the first of such publications to be not more than 60 and not less than 30 days before the redemption date).

On January 1, 1970 and annually thereafter, the Canadian Series Debentures are entitled to the benefit of a sinking fund as and to the extent provided in the Indenture; and are severally subject to redemption through the operation of the sinking fund on the sinking fund redemption dates on notice as above set forth.

In the event of the selection for redemption (whether for the sinking fund or otherwise) of a portion only of the principal of this Debenture, payment of the redemption price will be made only upon surrender of this Debenture in exchange for a Debenture or Debentures of the same series (but only of authorized denominations) for the unredeemed balance of the principal amount of this Debenture.

To the extent permitted by, and as provided in, the Indenture, modifications or alterations of the Indenture and of the rights and

obligations of the Company and of the holders of Debentures may be made with the consent of the Company and with the consent of the holders of not less than a majority in principal amount of the Debentures entitled to consent then outstanding given either at a meeting of Debentureholders or in writing; *provided, however*, that without the consent of the holder hereof no such modification or alteration shall be made which will affect the terms of payment of the principal of or interest on this Debenture.

In case a default, as defined in the Indenture, shall occur, the principal of all the Debentures at any such time outstanding under the Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be waived by the holders of a majority in principal amount of the Debentures outstanding.

This Debenture may from time to time be registered as to principal by the holder hereof in Canada at the offices of the Trustee in Montreal, Toronto, Winnipeg, Calgary and Vancouver, and in the United States at the principal trust office of The First National City Bank of New York, in the Borough of Manhattan, The City of New York (or at such other offices in said cities as may be designated by the Company); and such registration shall be noted hereon. While this Debenture is so registered as to principal, no transfer hereof shall be valid unless made at any one of said offices by the registered owner hereof in person or by duly authorized attorney, and similarly noted hereon. The registered owner of this Debenture may cause the same to be registered as payable to bearer, in which case this Debenture shall be transferable by delivery, and thereafter the principle of this Debenture when due shall be payable to the person presenting the same for payment. Successive registrations and transfers as aforesaid may be made from time to time as desired, but each such registration or transfer shall be noted on this Debenture. Such registration shall not, however, affect the negotiability of the coupons for interest hereon and every such coupon shall continue to pass by delivery and shall remain payable to bearer and payment thereof to bearer shall fully discharge the Company in respect to the interest therein mentioned whether or not this Debenture be registered at the time

as to principal. The bearer of this Debenture, or, if this Debenture be registered as to principal, the registered owner hereof, may also surrender the same for cancellation in exchange for the same aggregate principal amount of fully registered Debentures in authorized denominations and of the same series. Any of the transfers or exchanges referred to above shall be made upon payment of the charges and subject to the terms and conditions set forth in the Indenture.

The Company, the Trustee, any paying agent and any Registrar may deem and treat the bearer of this Debenture or, if this Debenture is registered as to principal as herein authorized, the person in whose name this Debenture is registered, and the bearer of any coupon for interest hereon whether or not this Debenture shall be registered as to principal, as the absolute owner of this Debenture or such coupon, as the case may be, for all purposes whatsoever, and neither the Company nor the Trustee nor any paying agent nor any Registrar shall be affected by any notice to the contrary.

The obligations on the part of the Company expressed herein, in the coupons for interest hereon and in the Indenture are solely corporate obligations and no action, suit or proceeding shall be instituted or maintained in respect thereof against any officer, director or shareholder (present, past or future) of the Company, either directly or through the Company or otherwise.

Nothing contained herein or in the Indenture shall be taken, however, to prevent recourse to and the enforcement of the liability of any shareholder of the Company for uncalled capital or the liability of any such shareholder upon unsatisfied calls.

This Debenture and the coupons for interest hereon shall not become obligatory for any purpose, until certified by the Trustee, and countersigned by a Registrar, for the time being under the Indenture.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its Corporate Seal or a facsimile thereof to be hereto affixed or imprinted hereon and this Debenture to have placed hereon the engraved, lithographed, printed or otherwise mechanically reproduced signatures of its President or one of its Vice-Presidents and of its Secretary or one of its Assistant Secretaries, and interest coupons

bearing the facsimile signature of its Treasurer to be attached hereto,
as of the first day of January, 1957.

TRANS-CANADA PIPE LINES LIMITED

.....
President or Vice President

.....
Secretary or Assistant Secretary

[CORPORATE SEAL]

[FORM OF COUPON APPURTENANT TO CANADIAN SERIES DEBENTURES]

No. M.....

\$.....(Canadian)

On the first day of _____, 19____, unless the Debenture herein mentioned shall have been duly called for previous redemption and payment thereof duly provided for, TRANS-CANADA PIPE LINES LIMITED will pay to the bearer, on surrender of this coupon, at the election of the holder in Canada at any branch of The Royal Bank of Canada or The Canadian Bank of Commerce and in the United States at the offices of The Royal Bank of Canada Trust Company or The Canadian Bank of Commerce Trust Company in the Borough of Manhattan, The City of New York, _____ Dollars in lawful money of Canada, being six months' interest then payable on its 5.85% Subordinated Debenture due 1987, Canadian Series, No. M_____.

Treasurer

FORM OF REGISTRATION

(No writing hereon except by the Registrar)

<i>Date of Registry</i>	<i>In whose name Registered</i>	<i>Place of Registry</i>	<i>Signature of Registrar</i>

SCHEDULE B

[FORM OF FULLY REGISTERED UNITED STATES SERIES DEBENTURE]

TRANS-CANADA PIPE LINES LIMITED

5.60% SUBORDINATED DEBENTURE DUE 1987,

UNITED STATES SERIES—DUE JANUARY 1, 1987

No.

\$.....(U.S.)

AS STATED IN THIS DEBENTURE, THE RIGHTS OF THE HOLDER HEREOF HAVE BY THE INDENTURE AND SUCH DEEDS OF SUBORDINATION AS HAVE FROM TIME TO TIME BEEN EXECUTED AND DELIVERED BY THE TRUSTEE BEEN SUBORDINATED TO ALL FIRST MORTGAGE PIPE LINE BONDS AND ALL OTHER PRIOR INDEBTEDNESS OF THE COMPANY, AND BY ACCEPTANCE HEREOF THE HOLDER HEREOF IRREVOCABLY AUTHORIZES THE EXECUTION AND DELIVERY BY THE TRUSTEE IN HIS BEHALF OF ADDITIONAL DEEDS OF SUBORDINATION FURTHER TO ASSURE SUCH SUBORDINATION. COPIES OF SUCH DEEDS OF SUBORDINATION AS HAVE BEEN DELIVERED ARE ON FILE WITH THE TRUSTEE.

TRANS-CANADA PIPE LINES LIMITED, a corporation created by and existing under a Special Act of Parliament of Canada, Statutes of Canada 15 Geo. VI Chap. 92 (hereinafter called the 'Company', which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to

or registered assigns, the sum of _____ Dollars on January 1, 1987 (unless before that date this Debenture shall have been called for redemption and payment duly provided in accordance with the provisions of the Indenture hereinafter mentioned) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts in the United States of America and to pay to the registered owner hereof interest thereon in like coin or currency from the date hereof

or from the last interest payment date on which interest has been paid on this Debenture, whichever is later, at the rate of 5.60% per annum, payable semi-annually on the first days of January and July in each year until said principal amount shall have become due and payable, and at the same rate, in like coin or currency, on any overdue interest or overdue principal.

The principal of and interest on this Debenture shall be payable in Canada at any branch of The Royal Bank of Canada or The Canadian Bank of Commerce, and in the United States at the offices of The Royal Bank of Canada Trust Company or The Canadian Bank of Commerce Trust Company in the Borough of Manhattan, The City of New York. As the interest on this Debenture matures (except interest payable at maturity or on redemption which shall be paid upon presentation and surrender of this Debenture for payment) the Company shall forward or cause to be forwarded, postage prepaid, to the registered owner, at his address appearing on the appropriate register, a warrant or check for such interest (less any tax required to be deducted) payable to the order of such owner and negotiable at par at each of the places at which interest upon this Debenture is payable. The forwarding of such warrant or check, as the case may be, shall satisfy and discharge the liability for the interest upon this Debenture to the extent of the sums represented thereby (plus the amount of any tax deducted as aforesaid) unless such warrant or check be not paid on presentation, provided that in the event of the non-receipt of such warrant or check by the registered owner, or the loss or destruction thereof, the Company upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it shall issue to such registered owner a replacement warrant or check for the same amount.

This Debenture is one of a duly authorized series of Subordinated Debentures due 1987 (herein called the "Debentures") of the Company, which series is designated as "5.60% Subordinated Debentures due 1987, United States Series" (herein called the "United States Series Debentures") of the Company, and which is limited to the aggregate principal amount of \$20,833,300. All the Debentures are issued or to be issued under and equally entitled to the benefits of an indenture (herein called the "Indenture"), dated as of January 1, 1957, executed by the

Company to Montreal Trust Company (herein called the "Trustee"), as Trustee, to which Indenture reference is hereby made for a statement of the rights, duties and immunities of the Trustee and the Company and of the rights and the limitations of the rights of the holders of the Debentures and the coupons for interest on the coupon Debentures. An additional series of Debentures, designated "5.85% Subordinated Debentures due 1987, Canadian Series", payable as to principal and interest in Canadian currency and limited in aggregate principal amount to \$54,166,700, has also been issued under the Indenture. No further series of Debentures may be issued under the Indenture.

The indebtedness evidenced by the Debentures and the coupons for interest on the coupon Debentures is expressly subordinated, in all respects, in the manner set forth in the Indenture, to the prior payment in full, first of the Company's First Mortgage Pipe Line Bonds in accordance with the terms of such Bonds and second of the Company's other Prior Indebtedness (as defined in the Indenture) in accordance with the terms of such Indebtedness, so that, as more fully set forth in the Indenture, (i) in the event of certain distributions of assets of the Company or any successor corporation, any thereof distributable to the holders of Debentures and coupons for interest thereon shall be applied first to the payment of the Company's First Mortgage Pipe Line Bonds and second to the payment of the Company's other Prior Indebtedness, and the rights of the holder hereof to receive such distributions are by acceptance hereof assigned to the holders of the Company's First Mortgage Pipe Line Bonds and other Prior Indebtedness or their representatives for such purposes, and (ii) during the continuance of an event of default with respect to such Bonds or other Prior Indebtedness which has not been waived neither the Company nor any successor corporation shall make any payment in respect of the principal of or interest on the Debentures or to any sinking fund for the Debentures, and any such payment made notwithstanding such prohibition, if received or held by the Trustee under certain circumstances, shall be held in trust and paid over first to the representative of the holders of First Mortgage Pipe Line Bonds, to the extent necessary to pay such Bonds in full in accordance with the terms thereof, and second to the representatives of the holders of the Company's other Prior Indebtedness to the extent necessary to pay such Indebtedness in full in accordance with the terms thereof, and,

if received by the holder hereof under certain circumstances, shall be paid over first to the representative of the holders of First Mortgage Pipe Line Bonds, to the extent necessary to pay such Bonds in full in accordance with the terms thereof, and second to the representatives of the holders of the Company's other Prior Indebtedness to the extent necessary to pay such Indebtedness in full in accordance with the terms thereof. This Debenture is issued subject to all said provisions, and each holder hereof, by accepting this Debenture and as a condition of and as part of the consideration for the issue hereof, agrees and consents thereto and shall be bound thereby. The holder hereof, by acceptance of this Debenture, also irrevocably authorizes and directs the Trustee as agent for such holder to take all such action and execute and deliver all such instruments as may be necessary or appropriate further to assure the subordination provided in the Indenture, including, without limitation, the execution and delivery of Deeds of Subordination (in substantially the form annexed to the Indenture) to be executed and delivered from time to time by the Trustee at the request of the Company in favor of the holders of First Mortgage Pipe Line Bonds and other Prior Indebtedness outstanding or to be outstanding. Each holder is bound by, and agrees and consents that all of his rights hereunder are subject to, all actions and all Deeds of Subordination and other instruments taken or executed and delivered by the Trustee pursuant to the provisions of the Indenture.

Nothing in the Indenture restricts or limits the right of the Company to issue other debentures under other indentures or to issue other indebtedness ranking senior to, *pari passu* with, or junior to, the Debentures.

Subject to the terms and conditions set forth in the Indenture, the United States Series Debentures are subject to redemption at any time or from time to time prior to maturity, at the option of the Company either as a whole or from time to time in part, or for the sinking fund, upon payment of the redemption price of 100% of the principal amount of the Debentures to be redeemed, together in each case with accrued interest to the redemption date, upon notice given by publication once in each of three separate calendar weeks in authorized newspapers in Montreal, Toronto, Winnipeg, Calgary and Vancouver, Canada and in the Borough of Manhattan, The City of New York (the first of such

publications to be not more than 60 and not less than 30 days before the redemption date) provided, however, that if all the Debentures to be redeemed are registered Debentures, such notice may be given by mail to all holders of registered Debentures which are to be redeemed at their addresses as they shall then appear on the appropriate register of the Company.

On January 1, 1970 and annually thereafter, the United States Series Debentures are entitled to the benefit of a sinking fund as and to the extent provided in the Indenture; and are severally subject to redemption through the operation of the sinking fund on the sinking fund redemption dates on notice as above set forth.

In the event of the selection for redemption (whether for the sinking fund or otherwise) of a portion only of the principal of this Debenture, payment of the redemption price will be made only (a) upon presentation of this Debenture for notation hereon of such payment of the portion of the principal of this Debenture so redeemed, or (b) upon surrender of this Debenture in exchange for a Debenture or Debentures of the same series (but only of authorized denominations) for the unredeemed balance of the principal amount of this Debenture.

To the extent permitted by, and as provided in, the Indenture, modifications or alterations of the Indenture and of the rights and obligations of the Company and of the holders of Debentures may be made with the consent of the Company and with the consent of the holders of not less than a majority in principal amount of the Debentures entitled to consent then outstanding given either at a meeting of Debentureholders or in writing; *provided, however*, that without the consent of the holder hereof no such modification or alteration shall be made which will affect the terms of payment of the principal of or interest on this Debenture.

In case a default, as defined in the Indenture, shall occur, the principal of all the Debentures at any such time outstanding under the Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be waived by the holders of a majority in principal amount of the Debentures outstanding.

This Debenture is transferable by the registered owner hereof, in person or by duly authorized attorney, in Canada at the offices of the Trustee in Montreal, Toronto, Winnipeg, Calgary and Vancouver, and in the United States at the principal trust office of The First National City Bank of New York, in the Borough of Manhattan, The City of New York (or at such other offices in said cities as may be designated by the Company), upon surrender and cancellation of this Debenture and on presentation of a duly executed written instrument of transfer, and thereupon a new fully registered Debenture or Debentures, of the same series and aggregate principal amount as this Debenture, and in authorized denominations will be issued to the transferee or transferees in exchange herefor; and this Debenture, with or without other Debentures of the same series may in like manner be exchanged for one or more new fully registered Debentures of other authorized denominations but of the same series and aggregate principal amount. The registered owner of this Debenture may in like manner surrender the same for cancellation in exchange for the same aggregate principal amount of coupon Debentures in authorized denominations, of the same series, and with all appropriate coupons attached; *provided, however*, that no coupon Debenture will be issued prior to January 1, 1960 or such earlier date, but not earlier than November 1, 1958, as may be fixed by the Company. Any of the transfers or exchanges referred to above shall be made upon payment of the charges and subject to the terms and conditions set forth in the Indenture.

The Company, the Trustee, any paying agent and any Registrar may deem and treat the person in whose name this Debenture is registered as the absolute owner hereof for all purposes whatsoever, and neither the Company nor the Trustee nor any paying agent nor any Registrar shall be affected by any notice to the contrary.

The obligations on the part of the Company expressed herein and in the Indenture are solely corporate obligations and no action, suit or proceeding shall be instituted or maintained in respect thereof against any officer, director or shareholder (present, past or future) of the Company, either directly or through the Company or otherwise.

Nothing contained herein or in the Indenture shall be taken, however, to prevent recourse to and the enforcement of the liability

of any shareholder of the Company for uncalled capital or the liability of any such shareholder upon unsatisfied calls.

This Debenture shall not become obligatory for any purpose, until certified by the Trustee, and countersigned by a Registrar, for the time being under the Indenture.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its Corporate Seal or a facsimile thereof to be hereto affixed or imprinted hereon and this Debenture to have placed hereon the engraved, lithographed, printed or otherwise mechanically reproduced signatures of its President or one of its Vice-Presidents and of its Secretary or one of its Assistant Secretaries as of the first day of January, 1957.

TRANS-CANADA PIPE LINES LIMITED

.....
President or Vice-President

.....
Secretary or Assistant Secretary

[CORPORATE SEAL]

[FORM OF COUPON UNITED STATES SERIES DEBENTURE]

TRANS-CANADA PIPE LINES LIMITED

5.60% SUBORDINATED DEBENTURE DUE 1987,

UNITED STATES SERIES—DUE JANUARY 1, 1987

No.....

\$.....(U.S.)

AS STATED IN THIS DEBENTURE, THE RIGHTS OF THE HOLDER HEREOF HAVE BY THE INDENTURE AND SUCH DEEDS OF SUBORDINATION AS HAVE FROM TIME TO TIME BEEN EXECUTED AND DELIVERED BY THE TRUSTEE BEEN SUBORDINATED TO ALL FIRST MORTGAGE PIPE LINE BONDS AND ALL OTHER PRIOR INDEBTEDNESS OF THE COMPANY, AND BY ACCEPTANCE HEREOF THE HOLDER HEREOF IRREVOCABLY AUTHORIZES THE EXECUTION AND DELIVERY BY THE TRUSTEE IN HIS BEHALF OF ADDITIONAL DEEDS OF SUBORDINATION FURTHER TO ASSURE SUCH SUBORDINATION. COPIES OF SUCH DEEDS OF SUBORDINATION AS HAVE BEEN DELIVERED ARE ON FILE WITH THE TRUSTEE.

TRANS-CANADA PIPE LINES LIMITED, a corporation created by and existing under a Special Act of Parliament of Canada, Statutes of Canada 15 Geo. VI Chap. 92 (hereinafter called the 'Company', which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to bearer, or of this Debenture be registered as to principal, to the registered owner hereof, the sum of Dollars on January 1, 1987 (unless before that date this Debenture shall have been called for redemption and payment duly provided in accordance with the provisions of the Indenture hereinafter mentioned) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts in the United States of America and to pay interest thereon in like coin or currency from the date hereof, at the rate of 5.60% per annum, payable semi-annually on the first days of January and July in each

year until said principal amount shall have become due and payable, and at the same rate, in like coin or currency, on any overdue interest or overdue principal, but only, in case of interest due on or before maturity, according to the tenor and upon presentation and surrender of the respective coupons therefor hereto attached as they severally mature. Interest payable on overdue interest shall be paid to the holder of the coupon representing such overdue interest or, if there be no coupon representing the same to the holder of this Debenture.

The principal of and interest on this Debenture shall be payable in Canada at any branch of The Royal Bank of Canada or The Canadian Bank of Commerce, and in the United States at the offices of The Royal Bank of Canada Trust Company or The Canadian Bank of Commerce Trust Company in the Borough of Manhattan, The City of New York.

This Debenture is one of a duly authorized series of Subordinated Debentures due 1987 (herein called the "Debentures") of the Company, which series is designated as "5.60% Subordinated Debentures due 1987, United States Series" (herein called the "United States Series Debentures") of the Company, and which is limited to the aggregate principal amount of \$20,833,300. All the Debentures are issued, or to be issued under and equally entitled to the benefits of an indenture (herein called the "Indenture"), dated as of January 1, 1957, executed by the Company to Montreal Trust Company (herein called the "Trustee"), as Trustee, to which Indenture reference is hereby made for a statement of the rights, duties and immunities of the Trustee and the Company and of the rights and the limitations of the rights of the holders of the Debentures and the coupons for interest on the coupon Debentures. An additional series of Debentures, designated "5.85% Subordinated Debentures due 1987, Canadian Series", payable as to principal and interest in Canadian currency and limited in aggregate principal amount to \$54,166,700, has also been issued under the Indenture. No further series of Debentures may be issued under the Indenture.

The indebtedness evidenced by the Debentures and the coupons for interest on the coupon Debentures is expressly subordinated, in all respects, in the manner set forth in the Indenture, to the prior payment in full, first of the Company's First Mortgage Pipe Line Bonds

in accordance with the terms of such Bonds and second of the Company's other Prior Indebtedness (as defined in the Indenture) in accordance with the terms of such Indebtedness, so that, as more fully set forth in the Indenture, (i) in the event of certain distributions of assets of the Company or any successor corporation, any thereof distributable to the holders of Debentures and coupons for interest thereon shall be applied first to the payment of the Company's First Mortgage Pipe Line Bonds and second to the payment of the Company's other Prior Indebtedness, and the rights of the holder hereof to receive such distributions are by acceptance hereof assigned to the holders of the Company's First Mortgage Pipe Line Bonds and other Prior Indebtedness or their representatives for such purposes, and (ii) during the continuance of an event of default with respect to such Bonds or other Prior Indebtedness which has not been waived neither the Company nor any successor corporation shall make any payment in respect of the principal of or interest on the Debentures or to any sinking fund for the Debentures, and any such payment made notwithstanding such prohibition, if received or held by the Trustee under certain circumstances, shall be held in trust and paid over first to the representative of the holders of First Mortgage Pipe Line Bonds, to the extent necessary to pay such Bonds in full in accordance with the terms thereof, and second to the representatives of the holders of the Company's other Prior Indebtedness to the extent necessary to pay such Indebtedness in full in accordance with the terms thereof, and, if received by the holder hereof under certain circumstances, shall be paid over first to the representative of the holders of First Mortgage Pipe Line Bonds, to the extent necessary to pay such Bonds in full in accordance with the terms thereof, and second to the representatives of the holders of the Company's other Prior Indebtedness to the extent necessary to pay such Indebtedness in full in accordance with the terms thereof. This Debenture and the coupons for interest hereon are issued subject to all said provisions, and each holder hereof, by accepting this Debenture and such coupons and as a condition of and as part of the consideration for the issue hereof, agrees and consents thereto and shall be bound thereby. The holder hereof, by acceptance of this Debenture and such coupons, also irrevocably authorizes and directs the Trustee as agent for such holder to take all such action and execute and deliver all such instruments as may be necessary or

appropriate further to assure the subordination provided in the Indenture, including, without limitation, the execution and delivery of Deeds of Subordination (in substantially the form annexed to the Indenture) to be executed and delivered from time to time by the Trustee at the request of the Company in favor of the holders of First Mortgage Pipe Line Bonds and other Prior Indebtedness outstanding or to be outstanding. Each holder is bound by, and agrees and consents that all of his rights hereunder are subject to, all actions and all Deeds of Subordination and other instruments taken or executed and delivered by the Trustee pursuant to the provisions of the Indenture.

Nothing in the Indenture restricts or limits the right of the Company to issue other debentures under other indentures or to issue other indebtedness ranking senior to, *pari passu* with, or junior to, the Debentures.

Subject to the terms and conditions set forth in the Indenture, the United States Series Debentures are subject to redemption at any time or from time to time prior to maturity, at the option of the Company either as a whole or from time to time in part, or for the sinking fund, upon payment of the redemption price of 100% of the principal amount of the Debentures to be redeemed, together in each case with accrued interest to the redemption date, upon notice given by publication once in each of three separate calendar weeks in authorized newspapers in Montreal, Toronto, Winnipeg, Calgary and Vancouver, Canada and in the Borough of Manhattan, The City of New York (the first of such publications to be not more than 60 and not less than 30 days before the redemption date).

On January 1, 1970 and annually thereafter, the United States Series Debentures are entitled to the benefit of a sinking fund as and to the extent provided in the Indenture; and are severally subject to redemption through the operation of the sinking fund on the sinking fund redemption dates on notice as above set forth.

In the event of the selection for redemption (whether for the sinking fund or otherwise) of a portion only of the principal of this Debenture, payment of the redemption price will be made only upon surrender of this Debenture in exchange for a Debenture or Debentures of the same series (but only of authorized denominations) for the unredeemed balance of the principal amount of this Debenture.

To the extent permitted by, and as provided in, the Indenture, modifications or alterations of the Indenture and of the rights and obligations of the Company and of the holders of Debentures may be made with the consent of the Company and with the consent of the holders of not less than a majority in principal amount of the Debentures entitled to consent then outstanding given either at a meeting of Debentureholders or in writing; *provided, however*, that without the consent of the holder hereof no such modification or alteration shall be made which will affect the terms of payment of the principal or of interest on this Debenture.

In case a default, as defined in the Indenture, shall occur, the principal of all the Debentures at any such time outstanding under the Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be waived by the holders of a majority in principal amount of the Debentures outstanding.

This Debenture may from time to time be registered as to principal by the holder hereof in Canada at the offices of the Trustee in Montreal, Toronto, Winnipeg, Calgary and Vancouver, and in the United States at the principal trust office of The First National City Bank of New York, in the Borough of Manhattan, The City of New York (or at such other offices in said cities as may be designated by the Company); and such registration shall be noted hereon. While this Debenture is so registered as to principal, no transfer hereof shall be valid unless made at any one of said offices by the registered owner hereof in person or by duly authorized attorney, and similarly noted hereon. The registered owner of this Debenture may cause the same to be registered as payable to bearer, in which case this Debenture shall be transferable by delivery, and thereafter the principle of this Debenture when due shall be payable to the person presenting the same for payment. Successive registrations and transfers as aforesaid may be made from time to time as desired, but each such registration or transfer shall be noted on this Debenture. Such registration shall not, however, affect the negotiability of the coupons for interest hereon and every such coupon shall continue to pass by delivery and shall remain payable to bearer and payment thereof to bearer shall fully discharge the Company in respect to the interest therein

mentioned whether or not this Debenture be registered at the time as to principal. The bearer of this Debenture, or, if this Debenture be registered as to principal, the registered owner hereof, may also surrender the same for cancellation in exchange for the same aggregate principal amount of fully registered Debentures in authorized denominations and of the same series. Any of the transfers or exchanges referred to above shall be made upon payment of the charges and subject to the terms and conditions set forth in the Indenture.

The Company, the Trustee, any paying agent and any Registrar may deem and treat the bearer of this Debenture or, if this Debenture is registered as to principal as herein authorized, the person in whose name this Debenture is registered, and the bearer of any coupon for interest hereon whether or not this Debenture shall be registered as to principal, as the absolute owner of this Debenture or such coupon, as the case may be, for all purposes whatsoever, and neither the Company nor the Trustee nor any paying agent nor any Registrar shall be affected by any notice to the contrary.

The obligations on the part of the Company expressed herein, in the coupons for interest hereon and in the Indenture are solely corporate obligations and no action, suit or proceeding shall be instituted or maintained in respect thereof against any officer, director or shareholder (present, past or future) of the Company, either directly or through the Company or otherwise.

Nothing contained herein or in the Indenture shall be taken, however, to prevent recourse to and the enforcement of the liability of any shareholder of the Company for uncalled capital or the liability of any such shareholder upon unsatisfied calls.

This Debenture and the coupons for interest hereon shall not become obligatory for any purpose, until certified by the Trustee, and countersigned by a Registrar, for the time being under the Indenture.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its Corporate Seal or a facsimile thereof to be hereto affixed or imprinted hereon and this Debenture to have placed hereon the engraved, lithographed, printed or otherwise mechanically reproduced signatures of its President or one of its Vice-Presidents and of its

Secretary or one of its Assistant Secretaries, and interest coupons bearing the facsimile signature of its Treasurer to be attached hereto, as of the first day of January, 1957.

TRANS-CANADA PIPE LINES LIMITED

.....
President or Vice President

.....
Secretary or Assistant Secretary

[CORPORATE SEAL]

No. M..... \$.....(U.S.)

On the first day of, 19....., unless the Debenture herein mentioned shall have been duly called for previous redemption and payment thereof duly provided for, TRANS-CANADA PIPE LINES LIMITED will pay to the bearer, on surrender of this coupon, at the election of the holder in Canada at any branch of The Royal Bank of Canada or The Canadian Bank of Commerce and in the United States at the offices of The Royal Bank of Canada Trust Company or The Canadian Bank of Commerce Trust Company in the Borough of Manhattan, The City of New York, Dollars in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts in the United States of America, being six months' interest then payable on its 5.60% Subordinated Debenture due 1987, United States Series, No. M.....

.....
Treasurer.

SCHEDULE C

[FORM OF TRUSTEE'S CERTIFICATE]

This Debenture is one of the Debentures described in the within-mentioned Indenture.

MONTREAL TRUST COMPANY, *Trustee,*

By
Authorized Officer.

Countersigned:

.....
Registrar

by
Authorized Officer

Date of Registration:

SCHEDULE D**Form of Deed of Subordination
Deliverable Pursuant to §4.08.**

(Blanks are to be completed and appropriate omissions made on the basis of information supplied by the Company in a request furnished pursuant to §4.08 of the Indenture.)

DEED OF SUBORDINATION, dated , , by Montreal Trust Company, as Trustee under an Indenture (herein called the "Indenture") (a copy of which Indenture, together with any indentures supplemental thereto, is hereto annexed) dated as of January 1, 1957, between Trans-Canada Pipe Lines Limited (herein called the "Company") and Montreal Trust Company (herein called the "Trustee"), and as agent for all holders of all Debentures issued under the Indenture outstanding at the date hereof, to

as holders of of the Company, which may be now held or hereafter acquired by them, constituting certain Prior Indebtedness as defined in the Indenture and , as trustee under , dated as of , between the Company and , as trustee, (herein called the "Holder of Prior Indebtedness").

WITNESSETH :

WHEREAS, the Company has executed and delivered to the Trustee the Indenture providing for the issuance of its Subordinated Debentures due 1987 (herein called "Debentures"); and

WHEREAS, as set forth in the Indenture and in the Debentures, the holders of the Debentures have authorized the execution and delivery by the Trustee of this Deed of Subordination in behalf of such holders;

Now, THEREFORE, pursuant to the provisions of the Indenture and pursuant to the authority granted to the Trustee by the holders of all outstanding Debentures:

1. The Trustee, on behalf of and as agent for all holders of outstanding Debentures, hereby covenants with each of the Holders of Prior Indebtedness that the rights of the holders of such Debentures and of their successors in interest are and shall be subordinated to the rights of the Holders of Prior Indebtedness, and their respective successors in interest as holders of such Prior Indebtedness, in the manner, to the extent and with the same effect as if the terms and provisions of the Indenture were set forth herein.

2. The Trustee, as Trustee under the Indenture, hereby covenants with each of the Holders of Prior Indebtedness and their respective successors in interest that:

(a) It will observe and perform, in accordance with the terms of the Indenture, all of the duties and obligations to or for the benefit of the Holders of Prior Indebtedness which are imposed upon it by the provisions thereof; and

(b) It will from time to time, upon and in accordance with the request of the Company, execute and deliver further Deeds of Subordination in compliance with §4.08 of the Indenture.

3. This Deed of Subordination shall be binding upon the successors of the Trustee, as trustee under the Indenture.

4. Neither this Deed of Subordination nor any provision hereof can be waived, changed, discharged or terminated except by an instrument in writing signed by the party against whom the enforcement of any waiver, change, discharge or termination is sought.

5. The Trustee makes no representations or warranties as to the validity, sufficiency or effect hereof, or as to the authority of the Trustee to execute this Deed of Subordination. The Trustee shall have

no personal responsibility or liability with respect to the covenant contained in paragraph 1 hereof.

6. In so far as this Deed of Subordination is sought to be enforced in Canada, its validity shall be determined in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF, Montreal Trust Company, in the respective capacities as aforesaid, has caused its corporate seal to be hereunto affixed attested by the hands of one of its Vice Presidents and one of its Assistant Secretaries, all in the City of Toronto, Province of Ontario, as of the day and year first above written.

[CORPORATE SEAL]

MONTREAL TRUST COMPANY

By
Vice President

.....
Assistant Secretary

VOTING TRUST AGREEMENT

THIS VOTING TRUST AGREEMENT dated as of January 1, 1957, between the owners and holders of Common Shares, of the par value of \$1 per share (herein called "Common Shares"), of Trans-Canada Pipe Lines Limited, a corporation created by Special Act of Parliament of Canada (herein called the "Company"), listed in Schedule A hereto (herein called the "Shareholders"), parties of the first part, and Thomas Howard Atkinson, Ruby Clifford Brown, Edward Dean Loughney, Horatio Ray Milner, Arthur Deane Nesbitt, Frank August Schultz and William Wall Witmer (herein called the "Voting Trustees"), parties of the second part, and Montreal Trust Company (herein called the "Trust Company"), a company duly incorporated and having an office in the City of Toronto, in the Province of Ontario, party of the third part,

WITNESSETH:

In consideration of the mutual covenants and agreements herein contained, the parties hereto hereby covenant and agree as follows:

1. *Deposit of Common Shares.* Each Shareholder agrees to cause certificates for the Common Shares held by him on January 1, 1957 to be effectually assigned, transferred and delivered to the Voting Trustees and will accept therefor a voting trust certificate or certificates. Such deposit is to be made by each of the Shareholders as soon as the Common Shares owned by each such Shareholder are released from the escrow provided in an agreement dated May 8, 1956 between Her Majesty the Queen in right of Canada, all of the shareholders of the Company, R. J. Wallace, N. E. Tanner and C. S. Coates and The Deputy Minister of Finance of Canada, as Trustee.

Those Shareholders who have an interest in the 58,919 Common Shares held by Montreal Trust Company in trust pursuant to an agreement, dated October 21, 1954, hereby agree that to the extent that any of the Shareholders become owners of any of such Common Shares free and clear of the restrictions of such trust each such Shareholder will forthwith cause certificates for such Common Shares to be effectively assigned, transferred and delivered to the Voting Trustees

under this Voting Trust Agreement and will accept a voting trust certificate therefor.

2. *Voting Trust Certificates.* The Voting Trustees shall hold and dispose of, under and pursuant to the terms and conditions of this Agreement, all certificates for Common Shares of the Company from time to time be delivered to the Voting Trustees hereunder by or for the accounts of the Shareholders; and the Voting Trustees, in exchange for the shares so issued or transferred and delivered to them hereunder, will cause to be issued and delivered to the respective Shareholders voting trust certificates (herein sometimes called "Voting Trust Certificates") in substantially the form set forth in Schedule B hereto.

Any Voting Trust Certificate at any time issued shall bear thereon such legend or legends, if any, as the Voting Trustees may consider necessary or desirable to indicate the existence of any lien thereon or restriction upon the transfer thereof. If the Company's name is changed, or if, as the result of any merger, consolidation, sale, exchange or other action, shares of any corporation other than the Company are held by the Voting Trustees hereunder, the Voting Trust Certificates thereafter issued shall be modified accordingly as the Voting Trustees may deem appropriate.

3. *Method of Action of Voting Trustees.* The action of four of the Voting Trustees at the time in office expressed from time to time at a meeting, or by a writing signed by all the Voting Trustees at the time in office (providing such number is not less than four) without a meeting, shall be necessary to constitute the action of the Voting Trustees. All Voting Trust Certificates issued hereunder shall be executed by the Voting Trustees by the signature of one of the Voting Trustees signing for and on behalf of all of them or by an agent or attorney, if any, appointed by the Voting Trustees for such purpose and each Voting Trust Certificate issued hereunder shall be registered by the Registrar, upon books to be maintained by it for such purpose, and the registrar's certificate on each Voting Trust Certificate shall be duly executed by the Registrar. Until such time as the registrar's certificate included in a Voting Trust Certificate has been duly executed by the Registrar such certificate shall not be valid for any purpose. The Voting Trustees at any time in office may adopt, use and issue Voting Trust Certificates prepared by any of their predecessors and bearing the names of such

predecessors. All Voting Trust Certificates so issued shall be deemed issued by the Voting Trustees then in office. The Voting Trustees may adopt their own rules of procedure.

Each Voting Trustee may act as a director, officer or employee of any corporation any of whose shares are held hereunder and may receive compensation for so acting, and he, or any firm of which he may be a member, or any corporation of which he may be a shareholder, director or officer, may contract with any corporation any of whose shares are held hereunder, and may be or become pecuniarily interested in any matter or transaction to which any such corporation may be a party or with which it may in any way be concerned, all as fully as though he were not a Voting Trustee.

The Voting Trustees or any of them may appoint and employ such agents, proxies and attorneys as in their discretion may be convenient and advisable in the administration of any of the powers and duties of Voting Trustees hereunder and may grant them discretionary powers and may remove them at pleasure. The Trust Company at its office in the City of Toronto, in the Province of Ontario, is hereby appointed as Registrar of the Voting Trust Certificates issued under this Agreement and as custodian hereunder for the purpose of keeping custody of the securities and other assets from time to time held by the Voting Trustees hereunder. In event of the resignation of the Trust Company as Registrar or as custodian the Voting Trustees shall have the power and authority to appoint another bank or trust company as registrar and/or custodian hereunder.

4. *Transfers and Record Dates.* The Voting Trust Certificates issued hereunder and all right, title and interest of the holders thereof in and to the shares or other securities represented thereby are transferable on the books of the Voting Trustees by the registered holders thereof, in person or by duly authorized attorney, subject to such rules as may be established for the purpose by the Voting Trustees, upon the surrender of such certificates properly endorsed. Until any Voting Trust Certificate is so transferred, the Voting Trustees may treat the registered holder thereof as the absolute owner thereof for all purposes whatsoever and shall not be affected by any notice to the contrary, except that the Voting Trustees shall not be required to deliver any Common Shares or any other securities received by the Voting Trus-

tees and not immediately distributable to the holders of Voting Trust Certificates under Section 6 hereof, without the surrender of the Voting Trust Certificate representing said shares or other securities. As a condition of making or permitting any transfer or delivery of share certificates or other securities or Voting Trust Certificates under any provision of this Agreement, the Voting Trustees may require the holders of Voting Trust Certificates to pay to them a sum sufficient to pay or reimburse them for the payment of any stamp tax or other governmental charge in connection therewith. The transfer books for Voting Trust Certificates may be closed by the Voting Trustees at any time prior to the payment or distribution of cash, property or securities under Section 6 hereof, or the Voting Trustees may in their discretion, in lieu of closing the transfer books, fix a date and time as of which the holders of Voting Trust Certificates entitled to such payment or distribution shall be determined; *provided, however*, that if the payment or distribution is made out of cash, property or securities paid or distributed by a corporation to shareholders of record as of a particular time, the time of closing the transfer books or the record date, as the case may be, shall be the same as the time specified by such corporation for the determination of shareholders entitled to the payment or distribution.

5. *Powers of Voting Trustees.* The Voting Trustees shall cause all shares or other securities deposited with or required to be held by them hereunder to be transferred on the books of the Company into the name of "Thomas Howard Atkinson, Ruby Clifford Brown, Edward Dean Loughney, Horatio Ray Milner, Arthur Deane Nesbitt, Frank August Schultz and William Wall Witmer, as Voting Trustees under Voting Trust Agreement dated as of January 1, 1957". So long as the Common Shares deposited hereunder and other securities required to be held by the Voting Trustees hereunder shall stand in the name of the Voting Trustees as holders of record, the Voting Trustees shall possess and be entitled to exercise all the rights and powers of the Shareholders of every kind and nature, including the right to vote, give consents and otherwise act with respect to said shares or other securities in the same manner and to the same extent as if the Voting Trustees were the absolute owners of such shares or other securities in their own right, *provided, however*, that, with respect to the transactions set forth below, the Voting Trustees shall vote the Common Shares or

other securities represented by Voting Trust Certificates in the manner provided in Section 14 hereof: (a) the merger, consolidation or amalgamation of any corporation whose shares are held under this Agreement into or with any other corporation; (b) the sale of all or substantially all of the assets and business of any such corporation for cash, property or securities; (c) any change of shares by way of split-up or combination of shares or any other recapitalization of any such corporation; (d) any exchange of shares of any such corporation for shares or other securities of the same or any other corporation or for any property; (e) the increase or decrease of the authorized capital shares of any such corporation and any other amendment to or alteration of the certificate or articles of incorporation thereof; or (f) the dissolution or liquidation of any such corporation; *further provided* that the Voting Trustees shall have no right or authority to sell any securities held or required to be held by them under this Agreement for cash or otherwise to dispose of any such securities except pursuant to and in the consummation of corporate action taken by the corporation which issued such securities; and *provided, further*, that except as otherwise expressly provided in Section 6 hereof, the Voting Trustees shall have no right or authority to pledge or otherwise encumber any such securities.

6. *Dividends and other Distributions.* The Voting Trustees shall pay over or distribute to the holders of Voting Trust Certificates, after adequate provision shall have been made for the payment of the expenses and disbursements of the Voting Trustees and their agents, all dividends or distributions (whether in partial or complete liquidation or in redemption or purchase or otherwise) received by the Voting Trustees upon securities represented by Voting Trust Certificates outstanding hereunder, other than dividends and distributions in the form of Common Shares of the Company or shares entitled to vote of any corporation into which the Company has been merged, consolidated or amalgamated or shares entitled to vote of any corporation which has acquired all or substantially all of the assets of the Company. The dividends and distributions which each holder of a Voting Trust Certificate issued hereunder shall be entitled to receive under this Section 6 shall be such cash, property and securities as the Voting Trustees shall have received upon or in respect of the shares or other securities represented by his Voting Trust Certificate. The

Voting Trustees and their agents shall have a first lien on all securities deposited under or held pursuant to this Agreement and the income received by them thereon and the proceeds thereof for the repayment to them of their expenses and disbursements under this Agreement to the extent that adequate provision for such repayment shall not have been made by the Company.

7. *Stock Dividends and Other Distributions of Voting Securities.* In the event that the Voting Trustees shall receive any dividend or other distribution paid in securities of the Company or of any other corporation any of whose securities are held hereunder and if the securities in which such dividend or other distribution is paid shall have general voting rights in the election of directors, or in the event that any securities having such general voting rights shall be otherwise received by the Voting Trustees in exchange for or as proceeds of securities deposited under this Agreement or required to be held hereunder, the respective holders of Voting Trust Certificates issued hereunder shall be entitled to the delivery of new or additional Voting Trust Certificates representing the securities so received by the Voting Trustees as a dividend or other distribution upon, as proceeds of or in exchange for, the securities represented by their respective Voting Trust Certificates theretofore outstanding. The Voting Trustees may if necessary in the case of an exchange or combination of shares or other securities or any other material change in the securities theretofore represented by the Voting Trust Certificates, require the surrender of the respective Voting Trust Certificates theretofore outstanding prior to the delivery of new Voting Trust Certificates representing the new shares or other securities received by the Voting Trustees as aforesaid.

8. *Subscription Rights.* In case the Company or any other corporation any of whose shares shall at any time be held hereunder shall issue or grant to holders of any of its shares held hereunder rights to subscribe to new or additional shares or other securities, the Voting Trustees shall promptly give notice of such rights and of the terms thereof, by registered mail, to all record holders of Voting Trust Certificates outstanding hereunder at their respective addresses appearing on the books of the Voting Trustees. Such holders shall have the right, pro rata, subject to such reasonable regulations as may be prescribed by the Voting Trustees and upon providing the Voting Trustees

with any necessary funds, to instruct the Voting Trustees to subscribe for such shares or other securities, or any part thereof. In the alternative such holders shall have the right to instruct the Voting Trustees to dispose of the right to receive Voting Trust Certificates representing the stock issuable to the Voting Trustees upon exercise of such rights to subscribe, upon such terms as the Voting Trustees may prescribe. To the extent that any Voting Trust Certificate holder shall fail to exercise one of such alternative rights, the Voting Trustees shall let the rights received upon the securities represented by his Voting Trust Certificate expire. Any cash received by the Voting Trustees as the proceeds of the sale of subscription rights shall be forthwith paid over to the Voting Trust Certificate holders entitled thereto. Any shares or other securities acquired by the Voting Trustees pursuant to the exercise of such rights under instructions from the holders of Voting Trust Certificates shall, if such securities are entitled to general voting rights in the election of directors, be held by the Voting Trustees. Each holder of Voting Trust Certificates shall be entitled to the delivery of one or more additional Voting Trust Certificates to the amount of the shares or other securities acquired by the Voting Trustees upon the exercise of the subscription rights pertaining to the securities represented by his Voting Trust Certificates. If the shares or other securities so acquired by the Voting Trustees do not have general voting rights in the election of directors, they shall be distributed forthwith by the Voting Trustees pro rata to the holders of Voting Trust Certificates representing the shares in respect of which such rights were received by the Voting Trustees.

9. *Responsibility of Voting Trustees.* In voting, consenting or otherwise acting in respect of the Common Shares or other securities held by them, the Voting Trustees will exercise their best judgment from time to time, but it is expressly understood and agreed that no Voting Trustee shall incur any personal liability or responsibility by reason of any action taken under or pursuant to the terms of this Agreement or by reason of any error of judgment or of law or of any matter or thing done or omitted to be done under this Agreement or in the management of the affairs of any corporation any of whose securities are held hereunder, or otherwise, except for his own individual malfeasance. No agent of the Voting Trustees who may be appointed hereunder nor any sub-agent shall incur any personal liability or responsibility whatever, except for his own individual malfeasance.

10. *Withdrawal of Deposited Shares.* The holder of any Voting Trust Certificate shall have the right from time to time to withdraw any Common Shares or other securities deposited under this Agreement and represented by such Voting Trust Certificate upon delivering a written request to the Voting Trustees stating (a) that such holder has entered into an agreement for the sale or transfer of such Common Shares or other securities to a person who (i) does not control and is not controlled by or under common control with such holder, and (ii) is not a Shareholder or a successor to substantially all the assets of a Shareholder and does not control and is not controlled by or under common control with any Shareholder or any such successor of any Shareholder, and (b) that if for any reason such Common Shares or other securities are not so sold or transferred within 90 days following the date of such request such holder agrees to redeposit such Common Shares or other securities with the Voting Trustees under this Agreement. Upon the receipt of such written request in proper form the Voting Trustees shall as soon as practicable thereafter deliver certificates for such Common Shares or other securities to the holder of such Voting Trust Certificate against the surrender thereof. Until such time as the Common Shares have been transferred of record from the name of such holder to the purchaser or transferee, each such holder shall deliver to the Voting Trustees in connection with any meeting of shareholders of the Company a proxy with respect to such Common Shares.

11. *Duration and Termination.* The Voting Trust established by this Agreement shall be irrevocable to and including December 31, 1966 when it shall terminate, unless terminated prior thereto in whole or in part by written order of the registered holders of outstanding Voting Trust Certificates representing 75% in interest of each class of securities held hereunder, such written order to be delivered to the Voting Trustees then in office. Any such termination shall become effective at the close of business on the tenth day after the delivery of such written orders to the Voting Trustees; *provided, however*, that so long as any of the Company's First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978 and 5½% Series due October 1, 1978 shall be outstanding, this Agreement shall not be (i) terminated prior to December 31, 1966, or (ii) amended to change the provisions of Section 10 or of the first paragraph of this Section 11, without the consent in writing of a majority in interest of the holders of First Mortgage Pipe Line Bonds of such series.

Upon any termination of the Voting Trust established by this Agreement the Voting Trustees will deliver or cause to be delivered in accordance with the terms hereof to or upon the order of each record holder of Voting Trust Certificates representing any securities as to which said Voting Trust is terminated, the securities, cash and property then represented by such Voting Trust Certificates, but only in exchange for and upon surrender of such Voting Trust Certificates and payment of any stamp tax or other charge payable in connection with such delivery. The share certificates and any other securities and any real or personal property delivered to the holders of each Voting Trust Certificate shall be in the name of the registered holder of such certificate to the extent that such certificates, other securities and property are so registerable. Such share certificates and/or cash, securities or other property as above provided, shall be delivered to the holders of Voting Trust Certificates against the surrender of said Voting Trust Certificates and then all further liability of the Voting Trustees, and each of them, for such delivery shall cease and terminate.

Whenever, pursuant to the provisions of this Agreement, shares of stock and/or other securities and/or cash shall be required to be delivered to the holder of any Voting Trust Certificate, the Voting Trustees may deliver the same to the Registrar with instructions to deliver the same to or upon the order of the holder of said Voting Trust Certificate against surrender of said Voting Trust Certificate and payment of the taxes and charges, if any, payable upon such delivery, and upon such delivery to the Registrar all further obligation or duty of the Voting Trustees under this Agreement shall cease, except only the duty of the Voting Trustees to notify the record holder of said Voting Trust Certificate of such delivery by mailing notice thereof by registered mail to such holder at his address appearing on the registry books of the Voting Trustees.

Notwithstanding the foregoing, the Voting Trust established by this Agreement shall terminate at such time as (a) all securities held hereunder shall have been withdrawn pursuant to the provisions of Section 10, and (b) no Shareholder shall have any obligation to re-deposit any such securities pursuant to the provisions of clause (b) of Section 10.

12. *Amendments.* With the written consent of a majority of the Voting Trustees and the holders of record of Voting Trust Certificates

representing two-thirds in interest of each class of securities held hereunder, and subject to the provisions of Section 11, the Voting Trustees shall be authorized to execute from time to time instruments amending or supplementing this agreement in any respect, except that no such amendment or supplement shall extend the term of this agreement.

13. *Resignation and Succession of Voting Trustees.* Any Voting Trustee may at any time resign by mailing or delivering his resignation in writing to the other Voting Trustees to take effect ten days thereafter, or on its earlier acceptance by the other Voting Trustees. In the event that any Voting Trustee (other than Thomas Howard Atkinson or any successor to him as Voting Trustee) shall at any time resign, die or become incapacitated from acting as such, the vacancy so occurring shall be filled by the Shareholder or Shareholders whose name or names appear opposite the name of such Voting Trustee or his predecessor in Schedule A hereto. In the event that Thomas Howard Atkinson or any successor to him as Voting Trustee shall at any time resign or die or become incapacitated from acting as such, the vacancy so occurring shall be filled by the chief executive officer of the Company at the time in office. The filling of any vacancy pursuant to this Section shall be evidenced by an instrument in writing executed by the person or persons hereby authorized so to do. Such instrument in writing shall be delivered to the Voting Trustees then in office, to the Company, and to the Registrar.

In the event of any vacancy among the Voting Trustees, the person designated as successor Voting Trustee shall become a Voting Trustee hereunder upon filing with the remaining Voting Trustees a written acceptance of his appointment.

14. *Voting by Trustees at Direction of Voting Trust Certificate Holders.* In the event that the Company proposes to take any action with respect to one of the transactions enumerated in subparagraphs (a) through (f) of Section 5 hereof, the Voting Trustees shall promptly mail to each holder of record of Voting Trust Certificates a copy of the notice being given by the Company as to such proposed transaction. Each such holder may thereafter direct the Voting Trustees as to the manner in which the Common Shares or other securities represented by his Voting Trust Certificates shall be voted with respect to such proposed transaction. The Voting Trustees shall, at any meeting of the

shareholders of the Company with respect to any transaction enumerated in subparagraphs (a) through (f) of Section 5, vote the Common Shares or other securities represented by Voting Trust Certificates in the manner in which the holder of record of the Voting Trust Certificates so directs. In the event that there are any holders of Voting Trust Certificates who do not so direct, the Common Shares or other securities represented by such Voting Trust Certificates shall be voted in accordance with the views of a majority of the Voting Trustees.

15. *Voting Trustees May be Depositors.* The Voting Trustees, whether the initial Trustees or their successors, may be depositors under this Agreement, and to the extent of the securities held for them, they shall in all respects be entitled to the same rights and benefits hereunder as any other holder of Voting Trust Certificates.

16. *Acceptance of Duties and Trusts.* The Voting Trustees hereby accept and agree to perform the duties and trusts herein imposed, subject to all the terms, conditions and reservations herein contained, and agree that they will exercise the powers and perform the duties of Voting Trustees as herein set forth, *provided, however*, that nothing in this paragraph contained shall be construed to prevent any of the Voting Trustees from resigning at any time as Voting Trustees hereunder.

17. *Lost or Destroyed Certificates.* In case any Voting Trust Certificate issued under this Agreement shall become mutilated or defaced, or be destroyed, lost or stolen, the Voting Trustees, in their discretion, may issue or cause to be issued, in exchange for and upon cancellation of the mutilated Voting Trust Certificate, or in lieu of the Voting Trust Certificate so destroyed, lost or stolen, a new Voting Trust Certificate representing the same securities upon the production of evidence of such loss, destruction or theft satisfactory to the Voting Trustees and upon receipt of indemnity satisfactory to the Voting Trustees and upon compliance with such other reasonable regulations as the Voting Trustees may prescribe.

18. *Expenses and Taxes.* The Voting Trustees shall not be entitled to any compensation for their services as Voting Trustees, but shall be entitled to reimbursement for the reasonable expenses of carrying out and executing the trust, including compensation and reim-

bursement of expenses to the Trust Company, agents, attorneys and employees, and are authorized to reimburse themselves for such expenses from such moneys as they may receive by way of dividends or liquidating distributions or otherwise with respect to the deposited shares. The Voting Trustees may at any time, but shall not be required to, pay any tax or governmental charge which in their opinion may be payable in respect of any Common Shares or any other securities held by them hereunder or in respect of any dividends, distributions or other rights arising from or appurtenant to the subject matter of this Agreement; and any sum so paid, with interest thereon at the rate of six per cent per annum, shall, together with the expenses and disbursements of the Voting Trustees provided for in Section 6 hereof and all other expenses and disbursements reasonably incurred by them in the performance of their duties and the execution of their trusts hereunder, be a first lien upon and charge against the Common Shares and any other securities or other property or cash held or received by the Voting Trustees hereunder and/or against any such dividends, distributions or other rights and may be satisfied therefrom.

19. *Relating to the Trust Company.* Pursuant to the provisions of Section 3 hereof, the Voting Trustees hereby appoint the Trust Company their agent for the purpose of keeping, at its office in the City of Toronto, in the Province of Ontario, the books of the Voting Trustees referred to in this Agreement and as Transfer Agent in respect of the Voting Trust Certificates, and, subject to such instructions as may from time to time be given to it by the Voting Trustees, the Trust Company shall make such entries from time to time in the books as may be necessary in order that the accounts of each holder of Voting Trust Certificates may be properly and accurately kept and transfers of Voting Trust Certificates properly recorded. The Trust Company agrees to act hereunder as Registrar of the Voting Trust Certificates, as custodian of the securities and other assets from time to time held by the Voting Trustees, and as agent as aforesaid of the Voting Trustees provided, however, that it is understood that the presence of the Trust Company in this Agreement is merely as Registrar, custodian and agent as aforesaid and, acting in good faith in the performance of its duties hereunder, it shall not be held personally liable by reason of any alleged complaint in respect of anything it may have done or failed to do in the performance of such duties.

By way of supplement to the provisions of law or of any Act for the time being in effect relating to trustees, it is declared and agreed:

(i) That the Trust Company shall not incur any liability or responsibility by reason of any error of law or mistake or any matter or thing done or omitted to be done under or in relation to this Agreement except for its own wilful neglect or default;

(ii) That the Trust Company may, in relation to this Agreement, act on the opinion or advice of or opinion obtained from any lawyer or other expert, and shall not be responsible for any loss occasioned by so acting, and shall incur no liability or responsibility for deciding in good faith not to act upon any such opinion or advice; and

(iii) That the Trust Company may accept as conclusive evidence of any consent, demand, request, decision, opinion or other action required or authorized hereunder by the Voting Trustees a copy of a resolution of the Voting Trustees certified to be a true copy by any member of the Voting Trustees, or an instrument in writing certified by any member of the Voting Trustees, to be duly executed by the Voting Trustees purporting to have signed the same, and that the Trust Company shall not be bound to inquire into the regularity of any of the proceedings of the Voting Trustees or the appointment of any thereof.

The Voting Trustees shall pay or cause to be paid to the Trust Company for its services hereunder as Registrar of the Voting Trust Certificates, custodian of securities and other assets, and agent of the Voting Trustees reasonable remuneration as well as reimbursement on demand for all charges and expenditures reasonably incurred by it hereunder.

20. *Miscellaneous.* The term "Voting Trustees" whenever used herein refers, unless otherwise indicated to the contrary, to the Voting Trustees at the time acting as such hereunder, whether the same be the Voting Trustees named herein or their successors.

The term the "Company" whenever used herein refers, unless otherwise indicated to the contrary, to the Company and to any successor to substantially all of its assets.

A copy of this Agreement shall be filed at the principal office of the Company, and at the office of the Registrar in the City of Toronto,

and such copies shall be open to the inspection of any shareholder of the Company or any beneficiary of the trust under this Agreement, daily during business hours.

If for any reason any provision or part of any provision hereof shall be or become invalid or inoperative, the validity and effect of the other provisions hereof shall not be affected thereby.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which taken together shall constitute but one and the same instrument. This Agreement shall become effective when one or more counterparts shall have been executed by each party hereto whether or not all such parties shall have executed the same counterparts.

This Agreement shall be construed in accordance with and enforceable under the laws of the Province of Ontario.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

VOTING TRUSTEES:

T. H. ATKINSON
Thomas Howard Atkinson

R. C. BROWN
Ruby Clifford Brown

E. D. LOUGHNEY
Edward Dean Loughney

H. R. MILNER
Horatio Ray Milner

A. D. NESBITT
Arthur Deane Nesbitt

FRANK AUGUST SCHULTZ
Frank August Schultz

WILLIAM WALL WITMER
William Wall Witmer

SHAREHOLDERS:

THE BRITISH AMERICAN OIL COMPANY
LIMITED

[SEAL]

By E. D. LOUGHNEY

E. J. CARTER

CANADIAN DELHI OIL LTD.

[SEAL]

By P. T. BEE
Vice President

HUDSON'S BAY OIL AND GAS COMPANY
LIMITED

[SEAL]

By R. C. BROWN
Pres.

K. H. BURGIS
Secty.

INTERNATIONAL UTILITIES CORPORATION

[SEAL]

By E. M. BUTLER
Vice President

W. J. EGAN
Asst. Secretary

NESBITT, THOMSON AND COMPANY, LIMITED

[SEAL]

By R. H. DEAN
Vice President

H. S. DUNN
Secretary

TENNESSEE GAS TRANSMISSION COMPANY

By CECIL C. JOHNSON
Vice President & Treasurer

CANADIAN POWER & PAPER SECURITIES
LIMITED

[SEAL]

By P. N. THOMSON
Vice President

P. W. BENNIGAN
Secretary

N. T. INVESTMENTS LIMITED

[SEAL]

By P. N. THOMSON
President

H. S. DUNN
Assistant Secretary

OSLER, HAMMOND & NANTON LIMITED

[SEAL]

By G. P. OSLER
President

J. S. MACMILLAN
Secretary

POWER CORPORATION OF CANADA LIMITED

[SEAL]

By P. N. THOMSON
Vice President

V. J. NIXON
Secretary

THE CALGARY & EDMONTON CORPORATION
LIMITED

[SEAL]

By E. A. NANTON
President

CHAS. E. REECE
Secretary

WOOD, GUNDY & COMPANY LIMITED

[SEAL]

By J. K. McCausland
Director

R. B. O'BRIAN
Secretary

REGISTRAR:

MONTREAL TRUST COMPANY

[SEAL]

By J. G. HAXTON
Manager at Toronto

D. B. MACKLAIR
Assistant Manager

SCHEDULE A

<u>Shareholders</u>	<u>Voting Trustee</u>
The British American Oil Company Limited	Edward Dean Loughney
Canadian Delhi Oil Ltd.	Frank August Schultz
Hudson's Bay Oil and Gas Company Limited	Ruby Clifford Brown
International Utilities Corporation	Horatio Ray Milner
Nesbitt, Thomson and Company, Limited; Canadian Power & Paper Securities Limited; N. T. Investments Limited; Osler, Hammond & Nanton Limited; Power Corporation of Canada Limited; The Calgary & Edmonton Corporation Limited; and Wood, Gundy & Company Limited	Arthur Deane Nesbitt
Tennessee Gas Transmission Company	William Wall Witmer

SCHEDULE B**VOTING TRUST CERTIFICATES**

for

COMMON SHARES

of

TRANS-CANADA PIPE LINES LIMITED

No.Shares

This is to certify that there have been deposited with the undersigned, as Voting Trustees under the Voting Trust Agreement hereinafter mentioned, certificates for Common Shares of Trans-Canada Pipe Lines Limited, a corporation created by Special Act of Parliament of Canada (herein called the "Company"), and that or registered assigns is entitled to all the benefits and interests specified in said Voting Trust Agreement arising from the deposit of said shares, all as provided in and subject to the terms of said Voting Trust Agreement, to which reference is hereby made.

This certificate is issued under and pursuant to, and the rights of the holder hereof are subject to and are limited by the terms and conditions of, a certain Voting Trust Agreement dated as of January 1, 1957, a copy of which is on file at the principal office of the Company, and at the office in the City of Toronto, in the Province of Ontario, of Montreal Trust Company, the Registrar of this Voting Trust Certificate.

Until the termination of said Voting Trust Agreement, the above named holder hereof, or his registered assigns, is entitled to receive payment of any dividends or distributions collected by the undersigned Voting Trustees or their successors in the trust upon the shares of the Company specified above as having been deposited with the undersigned and upon any other or additional shares received by the Voting Trustees upon or in exchange for said shares of the Company, other than dividends or distributions in the form of shares entitled to vote.

The Voting Trustees and their agents shall have a first lien on all securities deposited under said Voting Trust Agreement and the income received by them thereon and the proceeds thereof for the repayment to them of their expenses and disbursements under the Voting Trust Agreement.

The Voting Trust Agreement shall be irrevocable to and including December 31, 1966 when it shall terminate, except that at any time prior thereto the Voting Trustees shall upon the written request of the registered holders of Voting Trust Certificates representing 75% in interest of each class of securities held under the Voting Trust Agreement terminate the Voting Trust Agreement, all in the manner and with the effect provided in the Voting Trust Agreement; *provided, however,* that so long as any of the Company's First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978 and 5½% Series due October 1, 1978 shall be outstanding, the Voting Trust Agreement shall not be (i) terminated prior to December 31, 1966, or (ii) amended to change the provisions thereof referred to in this paragraph or the following paragraph, without the consent in writing of a majority in interest of the holders of First Mortgage Pipe Line Bonds of such series. Subject to the foregoing, and with the written consent of a majority of the Voting Trustees and the registered holders of Voting Trust Certificates representing two-thirds in interest of each class of securities held under the Voting Trust Agreement, the Voting Trustees shall be authorized to execute from time to time instruments amending or supplementing this agreement in any respect, except that no such amendment or supplement shall extend the term of the Voting Trust Agreement.

The holder of any Voting Trust Certificate has the right from time to time to withdraw any Common Shares or other securities deposited under this Agreement and represented by such Voting Trust Certificate upon delivering a written request to the Voting Trustees stating (a) that such holder has entered into an agreement for the sale or transfer of such Common Shares or other securities to a person who (i) does not control and is not controlled by or under common control with such holder, and (ii) is not a Shareholder or a successor to substantially all the assets of a Shareholder and does not control and is not controlled by or under common control with any Shareholder or any such successor of any Shareholder, and (b) that if for any reason such Common Shares or other securities are not so sold or transferred within

90 days following the date of such request such holder agrees to re-deposit such Common Shares or other securities with the Voting Trustees under this Agreement. Upon the receipt of such written request in proper form the Voting Trustees shall as soon as practicable thereafter deliver certificates for such Common Shares or other securities to the holder of such Voting Trust Certificate against the surrender thereof. Until such time as the Common Shares have been transferred of record from the name of such holder to the purchaser or transferee, each such holder by his acceptance hereof hereby agrees to deliver to the Voting Trustees in connection with any meeting of shareholders of the Company a proxy with respect to such Common Shares.

So long as the Common Shares or any other securities held under the Voting Trust Agreement shall stand in the names of the Voting Trustees, the Voting Trustees shall possess and be entitled to exercise all rights and powers of absolute owners of said shares, including the right to vote thereon and to execute consents with respect thereto, except as the powers of the Voting Trustees are specifically limited by the terms of said Voting Trust Agreement.

This certificate is transferable on the books of the Voting Trustees by the registered holder hereof, in person or by duly authorized attorney, subject to the rules established for the purpose by the Voting Trustees, upon surrender of this certificate properly endorsed, and until so transferred the Voting Trustees may treat the registered holder of this certificate as the absolute owner hereof for all purposes whatsoever, and shall not be affected by any notice to the contrary, except that the Voting Trustees shall not be required to deliver any securities held by them hereunder without the surrender hereof. As a condition of making or permitting any transfer or delivery of stock certificates or other securities or Voting Trust Certificates, the Voting Trustees may require the payment of a sum sufficient to pay or reimburse them for any stamp tax or other governmental charge in connection therewith.

This Voting Trust Certificate shall not be entitled to any benefit under the Voting Trust Agreement or valid or obligatory for any purpose until Montreal Trust Company, the Registrar hereunder, or a successor registrar named under the Voting Trust Agreement, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, the Voting Trustees have caused this certificate to be signed in their name by one of their number this day of
, 19 .

, and
Voting Trustees

By
Voting Trustee

This Voting Trust Certificate is one of the voting trust certificates issued pursuant to the Voting Trust Agreement dated as of January 1, 1957 and the undersigned hereby certifies the deposit with it as custodian under said Voting Trust Agreement of certificates, registered in the name of the Voting Trustees, for the number of Common Shares stated herein.

MONTREAL TRUST COMPANY,
Transfer Agent and Registrar,

By
Authorized Officer.

[FORM OF ASSIGNMENT OF VOTING TRUST CERTIFICATES]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto the within Voting Trust Certificate and all rights and interests represented thereby, and does hereby irrevocably constitute and appoint attorney to transfer said certificate on the books of the within named Trustees, or their successors with full power of substitution in the premises.

Dated: , 19 .

In the presence of:

.....

TRANS-CANADA PIPE LINES LIMITED

NOTE PURCHASE AGREEMENT

THIS AGREEMENT made as of the first day of January, 1957 BETWEEN:

Trans-Canada Pipe Lines Limited, a Company incorporated by Special Act of the Parliament of Canada, 15 George VI, Chapter 92, having its head office in the City of Calgary in the Province of Alberta (hereinafter called the "Company"),

OF THE FIRST PART:

The several holders of Common Shares of the Company whose names are listed in Schedule A attached hereto (which holders and those succeeding to the obligations and liabilities of such holders pursuant to paragraph 10 of this Agreement are hereinafter called the "Shareholders"),

OF THE SECOND PART:

National Trust Company, Limited, a trust company organized under the laws of the Province of Ontario and having its head office in the City of Toronto in the Province of Ontario (which Company or its successor in trust for the time being under the Mortgage is hereinafter called the "Bond Trustee"),

OF THE THIRD PART:

Montreal Trust Company, a trust company organized under the laws of the Province of Quebec and having its head office in the City of Montreal in the Province of Quebec (which Company or its successor in trust for the time being under the Debenture Indenture is hereinafter called the "Debenture Trustee"),

OF THE FOURTH PART:

WHEREAS, the Shareholders own a substantial proportion of the Common Shares of the Company; and

WHEREAS, the Shareholders desire that the Company carry out its proposal to construct and own or lease and operate a natural gas pipe line system extending from the Province of Alberta across the Provinces of Saskatchewan, Manitoba, and Ontario and through a portion of the Province of Quebec to the Island of Montreal; and

WHEREAS, the Shareholders desire that the Company borrow approximately \$199,000,000, as more fully set forth below; and

WHEREAS, the Company has entered into Bond Purchase Agreements (hereinafter called the "Bond Purchase Agreements"), dated February 11, 1957 with certain investors pursuant to which such investors have agreed to purchase upon the terms and subject to the conditions set forth therein \$23,010,000 (Canadian) aggregate principal amount of First Mortgage Pipe Line Bonds, 5½% Series due October 1, 1978 and \$80,990,000 (U.S.) aggregate principal amount of First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978, to be issued under a Deed of Trust and Mortgage, dated as of January 1, 1957, entered into between the Company and the Bond Trustee (hereinafter called the "Mortgage"); and

WHEREAS, the Company has entered into a Bank Credit Agreement (hereinafter called the "Bank Credit Agreement") dated as of February 11, 1957 with The First National City Bank of New York, Mellon National Bank and Trust Company and J. P. Morgan & Co. Incorporated, pursuant to which such banks have agreed to lend to the Company upon the terms and subject

to the conditions set forth therein \$20,000,000 (U.S.) against the delivery of the Company's 5¼% Notes due March 1, 1962 (hereinafter called the "Bank Notes"), which Bank Notes are to be secured by the pledge of an equal principal amount of First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978; and

WHEREAS, the Company has entered into two Underwriting Agreements (herein called the "Underwriting Agreements") dated February 12, 1957, with the respective underwriters named therein pursuant to which such underwriters have severally agreed to purchase from the Company, for sale to the public, (i) \$54,166,700 principal amount of 5.85% Subordinated Debentures due January 1, 1987, Canadian Series, and \$20,833,300 principal amount of 5.60% Debentures due January 1, 1987, United States Series (the \$75,000,000 aggregate principal amount of Debentures of said Series being hereinafter collectively called the "Debentures"), to be issued under an Indenture dated January 1, 1957, entered into between the Company and the Debenture Trustee (hereinafter called the "Debenture Indenture"), and (ii) 3,750,000 Common Shares; and

WHEREAS, it is a condition precedent to the right of the Company to issue and sell Bonds under the Bond Purchase Agreements and to borrow money under the Bank Credit Agreement and to issue and sell the Debentures under the Underwriting Agreements that this Agreement be executed by all the parties hereto;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that, in consideration of the premises and of the mutual covenants and considerations hereinafter set forth and in consideration of the covenants contained in the Bond Purchase Agreements, the Bank Credit Agreement, the Underwriting Agreements, the Mortgage and the Debenture Indenture, the parties hereto have agreed as follows:

1. The terms defined in this paragraph 1 shall, for all purposes of this Agreement, have the meanings herein specified unless the context otherwise specifies or requires:

Bond Interest Deficiency:

The term "Bond Interest Deficiency" for a specified Deficiency Computation Period shall mean the interest accrued for such Period on all Bonds less the Net Earnings Available for Bond Interest for such Period, but not less than zero; *provided, however*, that the Bond Interest Deficiency for the Initial Deficiency Computation Period shall mean twice the interest accrued for such Period on all Bonds less twice the Net Earnings Available for Bond Interest and Property Retirement for such Period, but not less than zero. If any such accrued interest is payable in United States dollars, such interest shall, for the purposes of this definition, be converted into Canadian dollars in accordance with sound accounting practice (as that term is defined in Part I of Article 1 of the Mortgage) and on the same basis that such conversions are made in preparing the financial statements which the Company is required to furnish pursuant to Paragraph 8 of the Bond Purchase Agreements.

Bond Trustee's Debenture Interest Deficiency:

The term "Bond Trustee's Debenture Interest Deficiency" shall mean (i) the Debenture Interest Deficiency for any Deficiency Computation Period if, at the date on which the certificates with respect to such Deficiency Computation Period are required to be delivered pursuant to subparagraph (d) of paragraph 4 of this Agreement, an event of default under the Mortgage or an event which with the passage of time, without notice, would constitute an event of default under the Mortgage has occurred and is continuing or if, at such date, an event which with the passage of time, after notice, would constitute an event of default under the Mortgage has occurred and is continuing and such notice has been given, and (ii) for any other Deficiency Computation Period, the total of the Debenture Interest Deficiencies for such Deficiency Computation Period and all prior Deficiency Computation Periods less the aggregate of (a) \$7,910,000, (b) any previous Bond Trustee's Debenture Interest

Deficiencies as defined in clause (i) of this definition and (c) the Debenture Interest Deficiencies for any prior Deficiency Computation Periods determined pursuant to the provisions of clause (ii) of paragraph 4(e) of this Agreement; but in no event shall the Bond Trustee's Debenture Interest Deficiency for a specified Deficiency Computation Period be more than the Debenture Interest Deficiency for such Deficiency Computation Period nor less than zero.

Bonds:

The term "Bonds" shall mean as of any particular time all First Mortgage Pipe Line Bonds theretofore authenticated and delivered under the Mortgage and not theretofore cancelled by the Bond Trustee or delivered to such Trustee for cancellation.

Debenture Interest Deficiency:

The term "Debenture Interest Deficiency" for a specified Deficiency Computation Period shall mean the accrued interest for such Period on all Debentures less the Net Earnings Available for Debenture Interest for such Period, but not less than zero; *provided, however*, that the Debenture Interest Deficiency for the Initial Deficiency Computation Period shall mean twice the interest accrued for such Period on all Debentures less an amount equal to the result of subtracting from twice the Net Earnings Available for Bond Interest and Property Retirement for such Period twice the interest accrued for such Period on all Bonds, but in no event shall the Debenture Interest Deficiency for the Initial Deficiency Computation Period be more than twice the interest accrued for such Period on all Debentures nor less than zero. If any such accrued interest is payable in United States dollars, such interest shall, for the purposes of this definition, be converted into Canadian dollars in accordance with sound accounting practice (as that term is defined in Part I of Article 1 of the Mortgage) and on the same basis that such conversions are made in preparing the financial statements which the Company is required to furnish pursuant to Paragraph 8 of the Bond Purchase Agreements.

Debenture Trustee's Debenture Interest Deficiency:

The term "Debenture Trustee's Debenture Interest Deficiency" for a specified Deficiency Computation Period shall mean the Debenture Interest Deficiency for such Period less the Bond Trustee's Debenture Interest Deficiency, if any, for such Period.

Deficiency Computation Period; Initial Deficiency Computation Period:

The term "Deficiency Computation Period" shall mean the period from November 1, 1958 through January 31, 1959 and each period from January 1 through June 30 and from July 1 through December 31 in each of the years 1959, 1960, 1961, 1962 and 1963. The term "Initial Deficiency Computation Period" shall mean the Deficiency Computation Period from November 1, 1958 through January 31, 1959.

Depreciation Accrual:

The term "Depreciation Accrual" for a specified Deficiency Computation Period shall mean the greater of (i) the amount for such Period charged by the Company on its books for depreciation, depletion, amortization or other property retirement (or, if the amount so charged was not computed by the straight line method, the amount which, based on the estimated useful life used by the Company in its computations, would have been charged if the company had applied the straight line method) or (ii) an amount for such Period equal to 31½% per annum of the gross depreciable property of the Company computed on a straight line basis. Notwithstanding the foregoing, the Depreciation Accrual for the Deficiency Computation Period ended December 31, 1959 shall be deemed to be one and one-third times the Depreciation Accrual for such Period, computed pursuant to the provisions of the preceding sentence. For the purposes of this definition, if the initial stage of pipe line development, as defined in Part I of Article 1 of the Mortgage, shall not have been completed by December 31, 1958, there shall be deemed to have been charged on the books of the Company,

as depreciation, with respect to any period of time after December 31, 1958 and prior to the Initial Completion Date, as defined in Part I of Article 1 of the Mortgage, an amount equal to 3½% per annum of all depreciable property owned by the Company at December 31, 1958 and acquired thereafter prior to the Initial Completion Date, in either case as a result of the initial stage of pipe line development, even though no depreciation for such period with respect to such property would be chargeable on the books of the Company in accordance with sound accounting practice.

Depreciation Fund Deficiency:

The term "Depreciation Fund Deficiency" for a specified Deficiency Computation Period shall mean the Depreciation Accrual for such Period less the Net Earnings Available for Bond Interest and Property Retirement for such Period, but not less than zero; *provided, however*, that the Depreciation Fund Deficiency for the Initial Deficiency Computation Period shall be deemed to be zero.

Dollar; Canadian dollar:

Except as otherwise expressly provided in this Agreement the term "dollar" and the sign "\$", when used without express reference to any country or currency, and the term "Canadian dollar", shall mean a dollar in lawful money of Canada at the particular time specified in respect thereof.

Net Earnings Available for Bond Interest and Property Retirement:

The term "Net Earnings Available for Bond Interest and Property Retirement" shall have the same meaning as the term "net earnings of the Company available for interest and property retirement appropriations" as defined in Part I of Article 1 of the Mortgage, except that for the purposes of this definition (i) the provisions of subparagraphs (c) and (d) of said Mortgage definition shall not be applicable and (ii) all interest, other than interest on the Bonds, the Bank Notes and the Debentures, shall be deducted from the revenues of the Company, *provided, however*, that interest on the Notes shall be so deducted only to the extent actually paid. The Net Earnings Available for Bond Interest and Property Retirement for any Deficiency Computation Period shall not be deemed to be less than zero.

Net Earnings Available for Bond Interest:

The term "Net Earnings Available for Bond Interest" for a specified Deficiency Computation Period shall mean Net Earnings Available for Bond Interest and Property Retirement for such Period less the Depreciation Accrual for such Period. The Net Earnings Available for Bond Interest for any Deficiency Computation Period shall not be deemed to be less than zero.

Net Earnings Available for Debenture Interest:

The term "Net Earnings Available for Debenture Interest" for a specified Deficiency Computation Period shall mean the Net Earnings Available for Bond Interest for such Period less all interest accrued on the Bonds for such Period. The Net Earnings Available for Debenture Interest for any Deficiency Computation Period shall not be deemed to be less than zero.

Originally Contemplated Bonds:

The term "Originally Contemplated Bonds" shall mean the Bonds of the 1978 Series as that term is defined in Part I of Article 1 of the Mortgage, the Escrow Bonds as that term is defined in Part I of Article 1 of the Mortgage, and all Bonds the proceeds of which shall have been used to purchase, redeem or pay in cash any of the Bonds of the 1978 Series pledged pursuant to the Bank Credit Agreement and, if such Bonds of the 1978 Series shall have been retired, all Bonds the proceeds of which shall have been used to purchase, redeem or pay in cash, or which shall have been issued in exchange for, any of the Bank Notes.

Percentage:

The term "Percentage" when used with reference to the obligation of a Shareholder to purchase Notes shall mean the percentage set opposite its name in the column headed "Percentage" in Schedule A hereto.

2. The several Shareholders hereby severally agree to purchase, and the Company agrees to sell to the several Shareholders, Notes in an aggregate maximum principal amount of \$21,000,000 at the times and in the respective amounts and on the other terms and conditions set forth in this Agreement. The maximum principal amount of Notes which each Shareholder shall be obligated to purchase shall be the principal amount set opposite its name in the column headed "Total Amount" in Schedule A hereto. All Notes purchased pursuant to this Agreement shall be paid for in Canadian dollars at a price equal to the principal amount thereof.

3. The Notes have been duly authorized by the Company, are to be entitled "5½% Subordinated Convertible Income Notes", are to be dated as provided in this Agreement, are to bear interest at the rate of 5½% per annum only to the extent earned and to the extent not prohibited by any instrument evidencing any indebtedness of the Company at the time outstanding or by any instrument under which such indebtedness was issued, are to mature on January 1, 1987, are to be convertible into Common Shares of the Company after July 1, 1964, are to be subordinated to the Bonds, Other Senior Indebtedness (as defined in the Notes) and the Debentures, are to be in substantially the form of the Note attached to this Agreement as Schedule B and are to have the other terms and provisions therein set forth. In the event that any reclassification, change, consolidation, merger, sale or conveyance of the type referred to in Paragraph 6 of Article II of the form of Note attached hereto as Schedule B shall occur prior to the issuance of a particular Note, upon original issue, the provisions of Article II of such Note shall be appropriately modified to give effect to the provisions of Paragraph 6 of Article II as though such Note had been outstanding at the time of such reclassification, change, consolidation, merger, sale or conveyance.

4. (a) Each Shareholder severally agrees to purchase from the Company through the Debenture Trustee, as provided in this paragraph 4, three business days prior to July 1, 1959, and three business days prior to each January 1 and July 1 thereafter to and including July 1, 1964, the principal amount of Notes equal to the multiple of \$100 which most nearly equals its Percentage of the Debenture Trustee's Debenture Interest Deficiency, if any, (i) for the Initial Deficiency Computation Period, in the case of Notes to be purchased three business days prior to July 1, 1959 and (ii) for the Deficiency Computation Period ending six months prior to such July 1 or January 1, as the case may be, in the case of Notes to be purchased on any other date.

(b) Each Shareholder severally agrees to purchase from the Company through the Bond Trustee, as provided in this paragraph 4, three business days prior to April 1, 1959 and three business days prior to each October 1 and April 1 thereafter to and including April 1, 1964, the principal amount of Notes equal to the multiple of \$100 which most nearly equals its Percentage of the total of the Depreciation Fund Deficiency, the Bond Interest Deficiency and the Bond Trustee's Debenture Interest Deficiency, if any, for the most recently ended Deficiency Computation Period.

(c) In making any computation of the amount of Notes required to be purchased by each Shareholder pursuant to this paragraph 4, there shall be deducted any credit then available to such Shareholder pursuant to paragraph 7. If the Notes required to be purchased pursuant to this paragraph 4 are not delivered on the dates on which the respective purchases are required to be made, the purchase price of such Notes shall nevertheless be due and payable on the dates provided in this paragraph 4, and the amount of such purchase price shall be deemed to be the proceeds of the sale of Notes; *provided, however*, that the provisions of this

sentence shall not be deemed to modify in any manner the right of each Shareholder to obtain delivery from the Company of any Note so paid for.

(d) Not less than 10 business days prior to April 1, 1959 and not less than 15 business days prior to each October 1 and April 1 thereafter to and including April 1, 1964, the Company shall deliver to the Debenture Trustee, the Bond Trustee and each Shareholder a certificate of independent chartered accountants of recognized standing stating the amounts, if any, of the Depreciation Fund Deficiency, the Bond Interest Deficiency, the Bond Trustee's Debenture Interest Deficiency and the Debenture Trustee's Debenture Interest Deficiency (or if there are no such Deficiencies, so stating) for the most recently ended Deficiency Computation Period and a certificate of its President or one of its Vice Presidents stating the principal amount of Notes, if any, required to be purchased by each Shareholder through either Trustee pursuant to this paragraph 4 by reason of such Deficiencies and the dates on which such purchases are required to be made, and stating whether an event of default under the Mortgage or an event which with the passage of time, without notice, will constitute an event of default under the Mortgage has occurred and is continuing and stating whether notice has been given of the occurrence of any event which is continuing and which with the passage of time will constitute an event of default under the Mortgage. Each certificate shall set forth in reasonable detail the computations on the basis of which the Deficiencies for such Period were determined.

(e) If any certificate required to be delivered pursuant to subparagraph (d) of this paragraph 4 is not delivered within five business days or, in the case of certificates required to be delivered prior to April 1, 1959, three business days, after the date on which such certificate is required to be delivered, then, for the immediately preceding Deficiency Computation Period:

(i) the Bond Interest Deficiency shall be deemed to be the amount of interest accrued on the Bonds for such Period, as computed by the Bond Trustee; *provided, however*, that the Bond Interest Deficiency for the Initial Deficiency Computation Period shall be deemed to be twice the amount of interest accrued on the Bonds for such Period;

(ii) the Debenture Interest Deficiency for such Period shall be deemed to be the amount of interest accrued on the Debentures for such Period, as computed by the Bond Trustee, and the Bond Trustee's Debenture Interest Deficiency for such Period shall be deemed to be the entire amount of such Debenture Interest Deficiency; *provided, however*, that the Debenture Interest Deficiency for the Initial Deficiency Computation Period shall be deemed to be twice the amount of interest accrued on the Debentures for such period;

(iii) the Debenture Trustee's Debenture Interest Deficiency for such Period shall be deemed to be zero; and

(iv) the Depreciation Fund Deficiency for such period shall be deemed to be 4% of the Bonds outstanding at the beginning of such Period; *provided, however*, that for the Deficiency Computation Period ending on December 31, 1959, the Depreciation Fund Deficiency for such Period shall be deemed to be $5\frac{1}{3}\%$ of the Bonds outstanding at the beginning of such Period, and *provided, further*, that the Depreciation Fund Deficiency for the Initial Deficiency Computation Period shall in any event be deemed to be zero.

The Bond Trustee shall deliver to each Shareholder, not less than five business days prior to any April 1 or October 1 immediately following any failure to deliver the certificates required to be delivered pursuant to subparagraph (d) of this paragraph 4, a notice stating the principal amount of Notes required to be purchased through it by each Shareholder three business days prior to such April 1 or October 1, as the case may be, pursuant to this paragraph 4, and the date on which such purchases are required to be made.

(f) Payment of the purchase price of the Notes to be purchased pursuant to this paragraph 4 shall be made in Canadian dollars to the Trustee through whom such purchase is

to be made not later than the date on which such purchase is to be made. The Company will deposit with each Trustee, prior to each date on which Notes are to be purchased through such Trustee, a Note payable to each Shareholder in the principal amount then required to be purchased by such Shareholder through such Trustee. If the Company fails to deliver such Notes to the Trustee, each Trustee is hereby irrevocably authorized as the Company's attorney in fact to execute and deliver on behalf of and in the name of the Company the Notes required to be purchased through such Trustee. The Trustees shall deliver to each Shareholder, against payment of the purchase price, the Note payable to such Shareholder. Notes purchased pursuant to this paragraph shall be dated as of the date on which they are required to be purchased.

5. (a) Funds received by the Debenture Trustee pursuant to the provisions of paragraph 4 or transferred to it by the Bond Trustee pursuant to paragraph 7(b) shall be held and applied by the Debenture Trustee pursuant to the terms and conditions set forth in Section 17.04 of the Debenture Indenture.

(b) Funds received by the Bond Trustee pursuant to paragraph 4 or transferred to itself by the Bond Trustee pursuant to paragraph 7(b) with respect to Deficiencies for a specified Deficiency Computation Period shall be held by such Trustee as part of the trust estate under the Mortgage and shall be applied as provided in Section 9.08 of the Mortgage. Such funds shall be deemed to have been received, first to the extent of the amount of the Depreciation Fund Deficiency for such Deficiency Computation Period, on account of such Depreciation Fund Deficiency; second to the extent of the amount of the Bond Interest Deficiency for such Deficiency Computation Period, on account of such Bond Interest Deficiency; and third to the extent of the amount of the Bond Trustee's Debenture Interest Deficiency for such Deficiency Computation Period, on account of such Bond Trustee's Debenture Interest Deficiency.

(c) Funds received by the Bond Trustee or the Debenture Trustee pursuant to the provisions of paragraph 4 or transferred to the Bond Trustee or the Debenture Trustee pursuant to paragraph 7(b) shall be deemed to have been loaned to the Company and paid by the Company to the Debenture Trustee or the Bond Trustee, respectively. Any interest on the Bonds or the Debentures paid with such funds shall be deemed to have been paid by the Company.

6. The Company and each Shareholder agree that the principal of and premium, if any, and interest on the Notes shall be expressly subordinated in all respects to the prior payment in full, first of the Bonds in accordance with the terms of the Bonds, second of Other Senior Indebtedness (as defined in the Notes) in accordance with the terms of such Indebtedness, and third of the Debentures in accordance with the terms of the Debentures, all to the extent expressed in, and in accordance with the terms and provisions of, the Notes. Each holder of Notes irrevocably authorizes and directs National Trust Company, Limited, as its agent and attorney in fact, to take such action as may be necessary or appropriate further to assure such subordination of the Notes, and appoints National Trust Company, Limited its agent for any and all such purposes. Without limitation of the foregoing, National Trust Company, Limited, for and on behalf of the holder of this Note, is authorized and directed, upon the written request of the Company, to execute from time to time Deeds of Subordination, in accordance with the terms and provisions of the Notes in favor of the holders of such classes of Senior Indebtedness as are specified in such request, and to deliver executed counterparts thereof to each of such persons. The Company agrees to request the execution of Deeds of Subordination whenever a holder of Senior Indebtedness or the Designated Representative of any class of Senior Indebtedness reasonably requests the Company to do so. Each Shareholder recognizes that the subordination provisions of the Notes form a part of the consideration for the Bond Purchase Agreements, the Bank Credit Agreement and the Underwriting Agreements.

7. (a) Each Shareholder shall have the right at any time or from time to time between November 1, 1958 and July 1, 1964 to purchase Notes in a principal amount equal, together with the principal amount of all Notes theretofore purchased by such Shareholder pursuant to any provision of this Agreement, to not more than one-third of the principal amount set opposite its name in the column headed "Total Amount" in Schedule A to this Agreement. Any Shareholder who desires to exercise the right to purchase Notes pursuant to the provisions of this paragraph 7 shall give notice in writing to the Company and to the Bond Trustee fixing a date for the delivery of and payment for the Notes so requested, which date shall be at least ten business days subsequent to the date such notice was mailed or delivered, and stating the principal amount of Notes to be purchased, which principal amount shall be a multiple of \$100. The Company shall deliver the Notes requested by the Shareholder to the Bond Trustee on a business day prior to the day fixed by the Shareholder for delivery of the Notes, and the Bond Trustee shall deliver such Notes against payment therefor to it in Canadian dollars. Such Notes shall be dated as of the date of delivery so fixed by the Shareholder.

(b) The Bond Trustee shall hold the amounts received by it pursuant to this paragraph 7 in a special trust account to be applied only pursuant to the provisions of this paragraph 7. The amounts received from each Shareholder shall be separately accounted for by the Bond Trustee. Any amount received from a Shareholder pursuant to the provisions of this paragraph 7 shall be credited against the next succeeding obligations of such Shareholder to purchase Notes pursuant to paragraph 4 of this Agreement. On any date when Notes are required to be purchased through the Bond Trustee, such Trustee shall transfer to itself as Trustee under the Mortgage the amount of any credits being taken against the amount of Notes otherwise purchasable through it on such date, and on any date when Notes are required to be purchased through the Debenture Trustee, the Bond Trustee shall transfer to the Debenture Trustee the amount of any credits being taken against the amount of Notes otherwise purchasable through the Debenture Trustee. Any amount which on July 1, 1964 remains in the special trust account provided for in this paragraph 7 shall on such date be transferred to the Company and added to the general funds of the Company. The Bond Trustee shall, at the request of the Company, certify to the Company any credits available to Shareholders pursuant to the provisions of this paragraph 7.

8. Each of the Shareholders represents that such Shareholder is duly authorized and empowered to enter into and carry out the terms and provisions of this Agreement. Each of the Shareholders represents that such Shareholder will purchase any Notes purchased hereunder, and will receive any Common Shares issued to it upon conversion of any of such Notes, for its own account for investment and not with a view to, or with any intention at the time of, selling or distributing such Notes or Common Shares. Each Shareholder agrees to notify the Company promptly of the name and address of any person to whom it transfers any Note.

9. It is agreed that the obligations and liabilities of each Shareholder under this Agreement are several and are not contingent upon the performance of the obligations and liabilities imposed by this Agreement on any other Shareholder. No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of, the Mortgage, the Bonds, the Bank Credit Agreement, the Bank Notes, the Debenture Indenture, or the Debentures, and no release of property subject to the lien of the Mortgage, whether or not such release is in accordance with the provisions of the Mortgage, shall in any way alter or affect the obligations and liabilities of each Shareholder under this Agreement, it being understood that the obligations and liabilities of each Shareholder under this Agreement are absolute and unconditional under any and all circumstances and that no such obligation or liability shall be to any extent or in any way discharged, impaired or otherwise affected, except by performance in full thereof.

10. This Agreement shall enure to the benefit of all holders of the Originally Contemplated Bonds from time to time outstanding under the Mortgage (including such Bonds as shall be pledged to secure the Bank Notes) and the holders of the Debentures from time to time outstanding under the Debenture Indenture and shall enure to the benefit of and be binding upon the parties hereto and their respective successors. The Company agrees and each of the Shareholders agrees that if the Company or such Shareholder, respectively, shall consolidate or amalgamate with or merge into any corporation (other than an amalgamation, consolidation or merger in which such Shareholder or the Company is the continuing corporation) or shall sell its assets as an entirety or substantially as an entirety prior to the date on which its obligations under this Agreement are fully performed or have terminated, the Company or such Shareholder, as the case may be, shall as a condition precedent to such consolidation, amalgamation, merger or sale cause the corporation resulting from such consolidation, amalgamation or merger, or the purchaser of such assets, to assume its obligations and liabilities under this Agreement by executing an agreement evidencing such assumption which is satisfactory to the Company, the Bond Trustee and the Debenture Trustee.

11. (a) The Bond Trustee may enforce performance of this Agreement for the benefit of holders of the Originally Contemplated Bonds by action or proceedings at law instituted in its own name or otherwise. The Debenture Trustee may enforce performance of this Agreement for the benefit of holders of the Debentures by action or proceedings at law instituted in its own name or otherwise. It is expressly agreed that any claim or claims of the Bond Trustee against any Shareholder pursuant to the provisions of this Agreement shall have priority over any such claim or claims of the Debenture Trustee against the same Shareholder, and that the Debenture Trustee shall not be entitled to recover on any such claim until any such claims of the Bond Trustee have been paid in full. The Shareholders expressly waive any right of setoff, counterclaim or recoupment in any action or proceeding brought by the Bond Trustee or the Debenture Trustee to enforce the provisions of this Agreement.

(b) It is the intention of the parties to this Agreement that the provisions of this Agreement (including the obligation of each Shareholder to purchase Notes pursuant to paragraph 4(a) hereof) which enure to the benefit of the holders of the Debentures shall be effective so long as any Debentures remain outstanding, whether or not any Bonds or Originally Contemplated Bonds shall have been issued or shall be outstanding. Similarly the provisions of this Agreement which enure to the benefit of the holders of the Originally Contemplated Bonds (including the obligation of each Shareholder to purchase Notes pursuant to paragraph 4(b) hereof) shall be effective, so long as any such Bonds are outstanding, whether or not any Debentures shall have been issued or shall be outstanding. If no Bonds or Originally Contemplated Bonds shall have been issued or shall be outstanding, the Bond Trustee nevertheless agrees to hold amounts received by it pursuant to paragraph 7 of this Agreement in accordance with the provisions of said paragraph and to transfer such amounts to the Debenture Trustee and to the Company as provided therein.

(c) In the event that on any date when Notes are required to be purchased pursuant to the provisions of paragraph 4 (a) of this Agreement, no Debentures shall be outstanding, then the Shareholders shall not be obligated to purchase such Notes on such date. In the event that on any date when any Notes are required to be purchased pursuant to the provisions of paragraph 4 (b) of this Agreement, no Originally Contemplated Bonds are outstanding, the Shareholders shall not be obligated to purchase such Notes on such date; and, on the next succeeding date on which Notes are required to be purchased pursuant to paragraph 4(a) hereof, each Shareholder shall be severally obligated to purchase through the Debenture Trustee the principal amount of Notes which most nearly equals its Percentage of the Debenture Interest Deficiency (instead of the Debenture Trustee's Debenture Interest Deficiency) for the relevant Deficiency Computation Period specified in paragraph 4(a) hereof; *provided, however*, that, in such event, if the amount of such Debenture Interest Deficiency is to be computed pursuant to paragraph 4(e) hereof, such Debenture Interest

Deficiency shall be computed by the Debenture Trustee instead of the Bond Trustee and the Debenture Trustee shall deliver to each Shareholder not less than five business days prior to the date Notes are required to be purchased through the Debenture Trustee on the basis of such Deficiency a notice stating the principal amount of Notes then required to be purchased by each Shareholder and the date on which such purchases are required to be made; and *provided further*, that the maximum aggregate principal amount of Notes required to be purchased by any Shareholder through the Debenture Trustee (including the amount of any credit taken pursuant to paragraph 7 against Notes required to be purchased by such Shareholder through the Debenture Trustee) shall in no event exceed its Percentage of \$7,910,000.

(d) In the event that on any date on which a Shareholder shall purchase Notes pursuant to the provisions of paragraph 7 of this Agreement, no Originally Contemplated Bonds or Debentures are outstanding and the Company shall agree with the Bond Trustee that no Originally Contemplated Bonds will thereafter be issued and with the Debenture Trustee that no Debentures will thereafter be issued, then the purchase price of the Notes so purchased shall be paid to the Company.

12. (a) Neither this Agreement nor the Notes shall be changed, altered or modified in any manner which might adversely affect the rights of the holders of the Originally Contemplated Bonds except with the written consent of the holders of 66 $\frac{2}{3}$ % in aggregate principal amount of such Bonds at the time outstanding and with the written consent of the holders of 66 $\frac{2}{3}$ % in aggregate principal amount of the Bank Notes at the time outstanding; nor shall this Agreement or the Notes be changed, altered or modified in any manner which might adversely affect the rights of the holders of the Debentures except with the consent of the holders of a majority in aggregate principal amount of the Debentures at the time outstanding evidenced by an affirmative vote at a meeting held pursuant to Article 16 of the Debenture Indenture or by written instrument evidencing such consent executed pursuant to Section 16.11 of the Debenture Indenture. The Bond Trustee and the Debenture Trustee shall execute and deliver an instrument embodying any change, alteration or modification to this Agreement which has been consented to by the other parties to this Agreement and which has, if required, been consented to in the manner provided in the preceding sentence.

(b) The Company and each Shareholder agree that any amendment to this Agreement which only increases the dollar figure appearing in the definition of Bond Trustee's Debenture Interest Deficiency in paragraph 1 of this Agreement and in paragraph 11(c) hereof shall be binding upon the Company and each Shareholder, whether or not consented to by the Company or any Shareholder, if at the time of such amendment there are Originally Contemplated Bonds outstanding and if such amendment has been consented to in writing by the holders of 66 $\frac{2}{3}$ % in aggregate principal amount of the Originally Contemplated Bonds at the time outstanding and by the holders of 66 $\frac{2}{3}$ % in aggregate principal amount of the Bank Notes at the time outstanding. The Bond Trustee and the Debenture Trustee shall execute and deliver an instrument embodying any such amendment which has been consented to by holders of Originally Contemplated Bonds and Bank Notes in the manner provided in the preceding sentence.

(c) For purposes of computing the specified percentage in aggregate principal amount of the Originally Contemplated Bonds or the specified proportion in aggregate principal amount of Debentures under this paragraph 12, a particular principal amount of Originally Contemplated Bonds or Debentures payable in United States dollars shall be considered the equivalent of the same principal amount of Originally Contemplated Bonds or Debentures, respectively, payable in Canadian dollars.

13. All communications pursuant to this Agreement shall be in writing and shall be addressed to the Shareholders at the addresses given in Schedule A to this Agreement and to the other parties to this Agreement at the following addresses, or at such other address as any

particular party may designate in writing to all the other parties to this Agreement as the proper address to which such communications should be mailed or delivered to it:

The Company:

Trans-Canada Pipe Lines Limited
160 Bloor Street, East
Toronto 5, Ontario, Canada

The Bond Trustee:

National Trust Company, Limited
20 King Street, East
Toronto, Ontario, Canada

The Debenture Trustee:

Montreal Trust Company
15 King Street, West
Toronto, Ontario, Canada

14. This Agreement shall be construed and enforceable in accordance with the laws of the Province of Ontario. Neither this Agreement nor any provision hereof can be waived, changed, discharged or terminated except by an instrument in writing signed by the party against whom the enforcement of any waiver, change, discharge or termination is sought and except as permitted by paragraph 12 of this Agreement.

15. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original; but such counterparts shall together constitute but one and the same instrument. This Agreement shall become effective upon the execution of counterparts hereof by all parties hereto, whether or not all such parties shall have executed the same counterpart.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto under their respective seals and the hands of their proper officers duly authorized in that behalf.

TRANS-CANADA PIPE LINES LIMITED

By A. P. CRAIG
Vice President

[SEAL]

A. GRAHAM AUSTIN
Asst. Secretary

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

By R. C. BROWN
President

[SEAL]

K. H. BURGIS
Secretary

THE BRITISH AMERICAN OIL COMPANY LIMITED

By E. D. LOUGHNEY
Vice President

[SEAL]

E. J. CARTER
Secretary

TENNESSEE GAS TRANSMISSION COMPANY

By CECIL C. JOHNSON
Vice President

[SEAL]

R. E. HARDISTER
Asst. Secretary

CANADIAN DELHI OIL LTD.

By P. T. BEE
Vice President

[SEAL]

C. H. HOBBS
Asst. Secretary

INTERNATIONAL UTILITIES CORPORATION

By E. M. BUTLER
Vice President

[SEAL]

W. J. EGAN
Asst. Secretary

OSLER, HAMMOND & NANTON LIMITED

By G. P. OSLER
President

[SEAL]

J. S. MACMILLAN
Secretary

N.T. INVESTMENTS LIMITED

By P. N. THOMSON
President

[SEAL]

H. S. DUNN
Asst. Secretary

WOOD, GUNDY & COMPANY LIMITED

By J. K. MCCAUSLAND
Director

[SEAL]

R. B. O'BRIAN
Secretary

THE CALGARY & EDMONTON CORPORATION LIMITED

By E. A. NANTON
President

[SEAL]

CHAS. E. REECE
Secretary

POWER CORPORATION OF CANADA LIMITED

By P. N. THOMSON
Vice President

[SEAL]

V. J. NIXON
Secretary

CANADIAN POWER & PAPER SECURITIES LIMITED

By P. N. THOMSON
Vice President

[SEAL]

P. W. BENNIGAN
Secretary

NESBITT, THOMSON AND COMPANY, LIMITED

By R. H. DEAN
Vice President

[SEAL]

H. S. DUNN
Secretary

NATIONAL TRUST COMPANY, LIMITED,
as Trustee

By WINSLOW BENSON
Manager, Corporate Trust Department

[SEAL]

G. D. FORSYTH
Assistant Secretary—Treasurer

MONTREAL TRUST COMPANY,
as Trustee

By J. G. HAXTON
Manager at Toronto

[SEAL]

D. B. MACKLAIR
Assistant Manager

SCHEDULE A

<u>Name and Address</u>	<u>Percentage</u>	<u>Total Amount</u>
Hudson's Bay Oil and Gas Company Limited 534A—8th Avenue West Calgary, Alberta	17.00%	\$ 3,570,000
The British American Oil Company Limited 800 Bay Street Toronto, Ontario	17.00	3,570,000
Tennessee Gas Transmission Company Commerce Building Houston, Texas	17.00	3,570,000
Canadian Delhi Oil Ltd. 505 8th Avenue Building Calgary, Alberta	26.05	5,470,500
International Utilities Corporation 44 Wall Street New York, New York	7.58	1,591,800
Osler, Hammond & Nanton Limited Nanton Building Winnipeg, Manitoba	3.20	672,000
N. T. Investments Limited 355 St. James Street West Montreal, P.Q.	1.16	243,600
Wood, Gundy & Company Limited 36 King Street West Toronto, Ontario	5.06	1,062,600
The Calgary & Edmonton Corporation Limited Nanton Building Winnipeg, Manitoba	2.05	430,500
Power Corporation of Canada Limited 355 St. James Street West Montreal, P.Q.	2.04	428,400
Canadian Power & Paper Securities Limited 355 St. James Street West Montreal, P.Q.	1.06	222,600
Nesbitt, Thomson and Company, Limited 355 St. James Street West Montreal, P.Q.	.80	168,000
	<hr/> 100.00%	<hr/> \$21,000,000

SCHEDULE B.

[FORM OF NOTE]

TRANS-CANADA PIPE LINES LIMITED

5½% Subordinated Convertible Income Note Due 1987

Due January 1, 1987

No.

\$

AS STATED IN THIS NOTE, THE RIGHTS OF THE HOLDER HEREOF HAVE BY THIS NOTE AND SUCH DEEDS OF SUBORDINATION AS HAVE FROM TIME TO TIME BEEN EXECUTED AND DELIVERED BEEN SUBORDINATED TO CERTAIN BONDS, DEBENTURES AND OTHER SENIOR INDEBTEDNESS OF THE COMPANY, AND BY ACCEPTANCE HEREOF THE HOLDER HEREOF IRREVOCABLY AUTHORIZES THE EXECUTION AND DELIVERY BY NATIONAL TRUST COMPANY, LIMITED IN HIS BEHALF OF ADDITIONAL DEEDS OF SUBORDINATION FURTHER TO ASSURE SUCH SUBORDINATION. COPIES OF SUCH DEEDS OF SUBORDINATION AS HAVE BEEN DELIVERED ARE ON FILE WITH THE COMPANY.

TRANS-CANADA PIPE LINES LIMITED, a corporation created by and existing under a Special Act of Parliament of Canada, Statutes of Canada 15 Geo. VI Chap. 92, as amended (hereinafter called the "Company"), for value received, hereby promises to pay to

or registered assigns, at the principal office of the Company in Toronto, Canada, the sum of Dollars on January 1, 1987 (unless before that date this Note shall have been called for redemption and payment duly provided, or shall have been converted, in accordance with the provisions of this Note), in lawful money of Canada and to the extent hereinbelow provided to pay to the registered owner hereof interest thereon in like money from the date hereof at the rate of 5½% per annum on the principal amount of this Note until the Company's obligation with respect to said payment of such principal amount shall be discharged. Interest shall be due and payable on this Note and on all other Notes (as defined herein) on May 1 of each year but not in an aggregate amount on all Notes exceeding the Net Income of the Company for the preceding calendar year and not in an aggregate amount on all Notes exceeding the amount of such interest which the Company is permitted to pay under the terms of any instrument evidencing any indebtedness of the Company at the time outstanding or of any instrument under which such indebtedness was issued. Interest on this Note shall not be cumulative so that to the extent that interest at the rate of 5½% per annum shall not become due and payable on this Note on any May 1 because of the limitations set forth above, such interest shall not thereafter become payable at any time, regardless of the amount of the Net Income of the Company. In the event that the aggregate amount of interest at the rate of 5½% per annum with respect to all the Notes on any interest payment date is in excess of the Net Income of the Company for the preceding calendar year or the amount of such interest permitted to be paid as aforesaid, then such interest shall be partially paid to the extent of the full amount of such Net Income or the amount so permitted to be paid, whichever is less. Any such partial payment of interest shall be apportioned among the Notes in the proportion that the interest at the rate of 5½% per annum on each Note bears to the aggregate interest at such rate on all Notes.

This Note is one of a duly authorized issue of Notes of the Company known as its 5½% Subordinated Convertible Income Notes due 1987 (herein called the "Notes"), limited to \$21,000,000 aggregate principal amount, issued pursuant to a Note Purchase Agreement

dated as of January 1, 1957 between the Company, certain shareholders of the Company, National Trust Company, Limited, as Trustee and Montreal Trust Company, as Trustee.

The holder of this Note at its option may in person or by duly authorized attorney surrender it for exchange at the principal office of the Company in Toronto, Canada and, within a reasonable time thereafter and without expense (other than transfer taxes, if any) receive in exchange therefor a Note or Notes, each in the principal amount of \$100 or any multiple thereof, dated as of the date of the Note exchanged and payable to such person or persons as may be designated by such holder, for the same aggregate principal amount as the then unpaid principal amount of this Note.

I

1. The Company covenants and agrees, and each holder of this Note by his acceptance hereof likewise covenants and agrees and shall be conclusively deemed to have covenanted and agreed, that the principal of and premium, if any, and interest on this Note are hereby expressly subordinated, in all respects, in the manner hereinafter set forth, to the prior payment in full, first of the Bonds (as defined herein) in accordance with the terms of the Bonds, second of Other Senior Indebtedness (as defined herein) in accordance with the terms of such Indebtedness and third of the Debentures (as defined herein) in accordance with the terms of the Debentures; and the holder of this Note by his acceptance hereof expressly authorizes, and shall be conclusively deemed to have authorized, the Company in connection with any indebtedness (other than the Debentures or the Notes) hereafter incurred, which is for money borrowed by the Company or for money borrowed by others and which indebtedness is guaranteed or assumed by the Company, to provide that such indebtedness shall constitute Other Senior Indebtedness within the meaning hereof and that this Note is subordinated thereto as herein provided.

2. In the event of any payment or distribution of assets of the Company upon any dissolution or winding-up or liquidation or scheme of arrangement (or reorganization equivalent thereto) of the Company, whether pursuant to the Companies' Creditors Arrangement Act, the Bankruptcy Act, the Winding-up Act, or any bankruptcy, insolvency or analogous law, of Canada or the United States, or of any province or state thereof or otherwise, or in the event of an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company for the benefit of creditors, the Company and the holder of this Note, by his acceptance hereof, agree that:

(a) the holders of all Bonds shall first be entitled to receive payment in full in accordance with the terms of the Bonds of the principal thereof and premium, if any, and interest thereon; the holders of Other Senior Indebtedness shall second be entitled to receive payment in full in accordance with the terms of such Indebtedness of the principal thereof and premium, if any, and interest thereon; and the holders of all Debentures shall then be entitled to receive payment in full in accordance with the terms of the Debentures of the principal thereof and premium, if any, and interest thereon; all before the holder of this Note shall be entitled to receive any payment upon the principal of or premium, if any, or interest on this Note; and

(b) the holder of this Note by the acceptance hereof assigns to the Designated Representative of the holders of the Bonds, for the purposes and to the extent set forth in this subsection (b), all his right, title and interest to and in any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holder of this Note would be entitled except for the provisions of this paragraph 2, and the holder of this Note will take such steps as may be necessary or appropriate to entitle the Designated Representative of the holders of the Bonds to receive such payment or distribution from the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, all to the extent necessary to provide for payment of all

Bonds in full, in accordance with the terms of the Bonds, prior to any payment upon the principal of or premium, if any, or interest on the Notes; and

(c) subject to the assignment for the benefit of the holders of the Bonds provided for in subsection (b) of this paragraph 2, the holder of this Note by the acceptance hereof assigns to the holders of Other Senior Indebtedness or the Designated Representatives thereof, for the purposes and to the extent set forth in this subsection (c), all his right, title and interest to and in any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holder of this Note would be entitled except for the provisions of this paragraph 2, and the holder of this Note will take such steps as may be necessary or appropriate to entitle the holders of Other Senior Indebtedness or their Designated Representatives to receive such payment or distribution from the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, rateably according to the aggregate amounts remaining unpaid on the Other Senior Indebtedness held or represented by each, all to the extent necessary to provide for payment of all Other Senior Indebtedness in full, in accordance with the terms of such Indebtedness, after payment of all Bonds in full in accordance with the terms of the Bonds, but prior to any payment upon the principal of or premium, if any, or interest on the Notes; and

(d) subject to the assignments for the benefit of the holders of the Bonds and Other Senior Indebtedness provided for in subsections (b) and (c) of this paragraph 2, the holder of this Note by the acceptance hereof assigns to the Designated Representative of the holders of the Debentures, for the purposes and to the extent set forth in this subsection (d), all his right, title and interest to and in any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holder of this Note would be entitled except for the provisions of this paragraph 2, and the holder of this Note will take such steps as may be necessary or appropriate to entitle the Designated Representative of the holders of the Debentures to receive such payment or distribution from the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, all to the extent necessary to provide for payment of all Debentures in full, in accordance with the terms of the Debentures, after payment of all Bonds in full in accordance with the terms of the Bonds and of all Other Senior Indebtedness in full in accordance with the terms of such Indebtedness, but prior to any payment upon the principal of or premium, if any, or interest on the Notes; and

(e) subject to the provisions of paragraph 5 of this Article I, in the event that, notwithstanding the provisions of subsections (a), (b), (c) and (d) of this paragraph 2, any payment or distribution of assets of the Company, of any kind or character, whether in cash, property or securities, shall be received by the holder of this Note before all Bonds, Other Senior Indebtedness and Debentures are paid in full in accordance with the terms of such Bonds, Indebtedness and Debentures, such payment or distribution shall be paid over first to the Designated Representative of the holders of the Bonds to the extent necessary to pay all Bonds in full in accordance with the terms of the Bonds, second to the Designated Representatives of the holders of Other Senior Indebtedness, rateably according to the aggregate amount remaining unpaid on such Indebtedness represented by each, to the extent necessary to pay all Other Senior Indebtedness in full in accordance with the terms of such Indebtedness, and third, to the Designated Representative of the holders of the Debentures to the extent necessary to pay all Debentures in full in accordance with the terms of the Debentures; and

(f) whenever all Bonds, Other Senior Indebtedness and Debentures shall have been paid in full, in accordance with the respective terms thereof, the holder of this Note shall be entitled to receive payment from any assets then available for such payment.

The consolidation of the Company with or the merger of the Company into another corporation or the sale, transfer or lease of its property as an entirety, or substantially as an entirety to another corporation shall not be deemed a winding-up for the purposes of this paragraph 2, if such other corporation shall, as a part of such consolidation, merger, transfer, sale or lease, become liable and be bound for, and shall expressly assume, the due and punctual payment of the principal of and premium, if any, and interest on this Note and the performance and observance of each and every covenant and condition herein contained to be performed or observed by the Company.

3. In the event that a Senior Indebtedness Default (as defined herein) shall have occurred and be continuing, the Company and the holder of this Note, by his acceptance hereof, agree that the Company shall not purchase this Note or make any payment of the principal of or premium, if any, or interest on this Note except (a) the redemption of this Note with funds deposited with a bank or trust company (as provided in Article III hereof) at a time when no such Default had occurred and was continuing and less than 35 days prior to the date fixed for redemption and (b) pursuant to a conversion of this Note in accordance with the provisions of Article II hereof.

4. Subject to the payment in full of all Bonds in accordance with the terms of the Bonds, of all Other Senior Indebtedness in accordance with the terms of such Indebtedness and of the Debentures in accordance with the terms of such Debentures, the holders of this Note shall be subrogated to the rights of the holders of the Bonds, Other Senior Indebtedness and the Debentures to receive payments or distributions of assets of the Company applicable to the Bonds, Other Senior Indebtedness and the Debentures, to the extent of the application thereto of the monies or other assets which would have been received by the holder of this Note but for the provisions of this Article I until the principal of and premium, if any, and interest on this Note shall be paid in full; it being understood that the provisions of this Article I are, and are intended, solely for the purpose of defining the relative rights of the holders of this Note, of the Bonds, of Other Senior Indebtedness and of the Debentures, and nothing in this Article I or elsewhere herein is intended to or shall impair the obligation of the Company, subject to the rights of the holders of the Senior Indebtedness, to pay to the holder hereof the principal hereof and premium, if any, and interest thereon as and when the same shall become due and payable in accordance with the terms hereof, or to affect the relative rights of the holder hereof and creditors of the Company other than the holders of Senior Indebtedness, nor shall anything herein prevent the holder hereof from exercising all remedies otherwise permitted hereby or, except as expressly limited hereby, by applicable law upon default hereunder, subject, in any event, to the rights, if any, under this Article I of the holders of Senior Indebtedness in respect of any payment or distribution of cash, property or securities of the Company received upon the exercise of any such remedy.

5. Notwithstanding any other provisions of this Article I:

A. The provisions of this Article I shall not be applicable to funds which are deposited with a bank or trust company, as provided in Article III hereof, for the redemption of this Note at a time when no Senior Indebtedness Default had occurred and was continuing and less than 35 days prior to the date fixed for redemption or to funds so deposited at any time prior to such date which funds constitute the proceeds of the substantially concurrent issuance of other notes or debentures, which have subordination provisions substantially similar to the subordination provisions contained in this Article I, or the substantially concurrent sale by the Company of shares of its capital stock.

B. The provisions of this Article I shall not be applicable to any cash, properties or securities received by the holder of this Note as a holder of Senior Indebtedness.

6. The holders of any Bonds, Other Senior Indebtedness or Debentures may at any time in their discretion renew or extend the time of payment of any Bonds, Other Senior Indebted-

ness or Debentures so held or exercise any other of their rights with respect thereto, including, without limitation, the waiver of default thereunder, all without notice to or assent from the holder hereof.

No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of the Deed of Trust and Mortgage, dated as of January 1, 1957, between the Company and National Trust Company, Limited, as Trustee, or of the Indenture, dated as of January 1, 1957, between the Company and Montreal Trust Company, as Trustee, or of the Company's First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978, or 5½% Series due October 1, 1978, or of the Company's Subordinated Debentures due 1987, or of the Company's Bank Credit Agreement dated as of February 11, 1957 or of the promissory notes issued pursuant thereto, and no release of property subject to the lien of such Deed of Trust and Mortgage, whether or not such release is in accordance with the provisions of such Deed of Trust and Mortgage, shall in any way alter or affect any of the provisions of this Note.

7. Each holder of this Note by his acceptance hereof irrevocably authorizes and directs National Trust Company, Limited, in its behalf, to take such action as may be necessary or appropriate further to assure the subordination provided for in this Article I, and appoints National Trust Company, Limited its agent for any and all such purposes. Without limitation of the foregoing, National Trust Company, Limited, for and on behalf of the holder of this Note, is authorized and directed, upon the written request of the Company, to execute from time to time Deeds of Subordination, substantially in the form set forth in Schedule I hereto (which is hereby incorporated herein and made a part hereof) in favor of the holders of such classes of Senior Indebtedness as are specified in such request, and to deliver executed counterparts thereof to each of such persons. National Trust Company, Limited shall keep on file at its principal office in Toronto, Canada copies of all Deeds of Subordination executed and delivered by it pursuant hereto, and such copies shall be open to inspection by the holder hereof or of Bonds or Debentures at such office during regular business hours.

8. The provisions of this Article I, and the subordination provided for hereby, have been included in this Note, in part pursuant to the provisions of the agreements under which the Company has issued its First Mortgage Pipe Line Bonds, 5¼% Series due October 1, 1978, and 5½% Series due October 1, 1978, and its Subordinated Debentures due 1987 and has borrowed \$20,000,000 (U.S.) against the delivery of its 5¼% Promissory Notes due 1962. Such agreements require such subordination, as consideration, in part, for the loans made pursuant thereto.

II

1. The holder hereof shall have the right, at his option, at any time after July 1, 1964 (except that, with respect to this Note or any portion thereof which shall be called for redemption, such right shall terminate at the close of business on the fifteenth day prior to the date fixed for such redemption unless the Company shall default in payment due upon redemption hereof), to convert, subject to the terms and provisions of this Article II, the principal of this Note into Common Shares of the Company, at the price of \$15 per share, or, in case an adjustment of such amount has taken place pursuant to the provisions of Paragraph 4 of this Article II, then at the amount as last adjusted (referred to herein as the "conversion price"), upon surrender of this Note to the Company at any time during usual business hours at the office of the Transfer Agent for the Common Shares located in Toronto, accompanied, if required by the Company, by a written instrument or instruments of transfer in form satisfactory to the Company duly executed by the registered holder or his attorney duly authorized in writing. The conversion of the principal of any Note into Common Shares of the Company is hereinafter sometimes referred to as the conversion of such Note.

2. Subject to the following provisions of this paragraph, a conversion shall be deemed to have been made at the close of business on the date that a Note or Notes shall have been

received by the Company at its office or agency, so that the rights of the holder of such Note or Notes as a noteholder shall cease at such time and the person or persons entitled to receive Common Shares upon conversion of such Note or Notes shall be treated for all purposes as having become the record holder or holders of such Common Shares at such time and such conversion shall be at the conversion price in effect at such time; *provided, however*, that no such surrender on any date when the stock transfer books of the Company shall be closed, shall be effective to constitute the person or persons entitled to receive the Common Shares upon such conversion as the record holder or holders of such Common Shares on such date, but such surrender shall be effective to constitute the person or persons entitled to receive such Common Shares as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open and such conversion shall be at the conversion price in effect at the close of business on such next succeeding day.

3. No adjustments in respect of interest or dividends shall be made upon the conversion of any Note or Notes.

4. The conversion price shall be subject to adjustment as follows:

A. For the purposes of this Subdivision A, the term "current conversion price" is defined as meaning at any given time the conversion price then in effect; and the term "current quotient" is defined as meaning on any given date the amount determined at the close of business on such day by dividing:

(i) an amount equal to (a) the total number of Common Shares outstanding when the current conversion price became effective, exclusive of any such shares which may have been issued after February —, 1957* as provided in Subdivision C of this Paragraph 4, multiplied by the current conversion price, plus (b) the aggregate of the amount of all consideration, if any, received by the Company (or, without duplication, deemed to be received as provided in paragraphs (7) and (8) below but subject to paragraph (9) below) upon all issuances of Common Shares since the current conversion price became effective and prior to the time of the determination of the current quotient except Common Shares issued as provided in Subdivision C hereof, by

(ii) the total number of Common Shares outstanding immediately prior to the time of such determination, including any such shares deemed to have been issued as provided in paragraphs (7) and (8) below (subject to paragraph (9) below) but excluding any such shares issued as provided in Subdivision C hereof after February —, 1957.*

For the purposes of this paragraph, the original conversion price of \$15 shall be deemed to have become effective at the close of business on February —, 1957, and the total number of Common Shares then outstanding shall be deemed to be .*

In determining the current quotient the result shall be expressed to the nearest cent.

In case at the close of business on any date after July 1, 1964 the current conversion price shall exceed the current quotient by as much as 25 cents (or, in case adjustment of the conversion price has taken place pursuant to Subdivision B of this Paragraph 4, the amount which shall be in the same proportion to 25 cents as the conversion price after the latest such adjustment shall be to \$15) the conversion price shall be reduced to the price equal to the current quotient, effective at the close of business on such date.

* Where the words "February —, 1957" appear in Article II of this form of Note, the date which will be filled in will be the date of the sale by the Company of the Common Shares to be sold in units with the Debentures referred to in the attached Note Purchase Agreement; and the number of Common Shares deemed to be then outstanding shall include the number of Common Shares to be sold in such units.

For the purposes of this Subdivision A, the following provisions shall also be applicable.

(1) In case of the issuance of additional Common Shares for cash, the consideration received by the Company therefor shall be deemed to be the amount of cash received by the Company for such shares before deducting therefrom any commissions or other expenses paid or incurred by the Company for any underwriting of, or otherwise in connection with, the issuance of such shares.

(2) In case of the issuance (otherwise than upon conversion or exchange of obligations or shares of the Company or upon the exercise of rights or options to subscribe for or to purchase Common Shares) of additional Common Shares for a consideration other than cash or a consideration a part of which shall be other than cash, the amount of the consideration other than cash received by the Company for such shares shall be deemed to be the value of such consideration as determined by a resolution of the Board of Directors.

(3) In case of the issuance of additional Common Shares upon conversion or exchange of any obligations (including the Notes) or of any shares of the Company that shall be convertible into or exchangeable for Common Shares or upon the exercise of rights or options to subscribe for or to purchase Common Shares, the amount of the consideration received by the Company for such additional Common Shares shall be deemed to be the total of (a) the amount of the consideration received by the Company upon the original issuance of such obligations, shares, rights or options, as the case may be, plus (b) the consideration, if any, other than such obligations, shares, rights or options, received by the Company upon such conversion, exchange, or exercise except in adjustment of interest and dividends. If obligations, shares, rights or options, of the same class or series of a class as the obligations, shares, rights or options, so converted, exchanged or exercised have been originally issued for different amounts of consideration, then the amount of consideration received by the Company upon the original issuance of each of the obligations, shares, rights or options, so converted, exchanged or exercised shall be deemed to be the average amount of the consideration received by the Company upon the original issuance of all such obligations, shares, rights or options. The amount of the consideration received by the Company upon the original issuance of the obligations, shares, rights or options, so converted, exchanged or exercised and the amount of the consideration, if any, other than such obligations, shares, rights or options, received by the Company upon such conversion, exchange or exercise shall be determined in the same manner provided in paragraphs (1) and (2) above with respect to the consideration received by the Company in case of the issuance of additional Common Shares; if such obligations, shares, rights or options shall have been issued as a dividend upon any shares of the Company, the amount of the consideration received by the Company upon the original issuance thereof shall be deemed to be zero.

(4) In case of the issuance of additional Common Shares as a dividend, the aggregate number of Common Shares issued in payment of such dividend shall be deemed to have been issued and to be outstanding at the close of business on the record date fixed for the determination of shareholders entitled to such dividend and shall be deemed to have been issued without consideration. Common Shares issued otherwise than as a dividend shall be deemed to have been issued and to be outstanding at the close of business on the date of issue.

(5) The term "dividend" shall mean a dividend or other distribution upon stock of the Company.

(6) In the event of a declaration of a dividend by the Company without the fixing of a record date for the determination of shareholders, entitled thereto, the first business day during which the stock transfer books of the Company shall be closed for the purpose of such determination shall be deemed to be the record date fixed for the determination of shareholders entitled to such dividend.

(7) If the Company shall have outstanding on or after July 1, 1964 any rights or options to subscribe for or purchase additional Common Shares (other than rights or options referred to in Subdivision C of this Paragraph 4 and rights or options issued for a consideration other than cash and pursuant to which additional Common Shares will be issuable for a consideration other than cash) at a price per share for such additional Common Shares less than the current conversion price, at the close of business on July 1, 1964 or on the date of the issuance of such rights or options, whichever is later, then the Company shall be deemed to have issued, as of such later date, the total maximum number of Common Shares issuable upon the exercise of such rights or options then outstanding; *provided, however*, that if the subscription or purchase price for Common Shares provided for in such rights or options should by the terms thereof (other than provisions for adjustment of such price of the general nature set forth in this Article II) change at any time on or after July 1, 1964, then the Company shall be deemed to have issued, with respect to such rights or options, at the close of business on the date of such change, (i) the total maximum number of Common Shares issuable upon the exercise of such rights or options then outstanding, but only if the new subscription or purchase price shall be less than the current conversion price at the close of business on the date of such change, and (ii) (without duplication) the total number of Common Shares theretofore issued pursuant to such rights or options which shall have been exercised since July 1, 1964. For the purposes of the foregoing proviso, the expiration of any rights or options shall be deemed to be a change in the subscription or purchase price for Common Shares provided for therein. The consideration received by the Company for the issuance of Common Shares, not in fact issued but deemed to have been issued under this paragraph (7), shall be deemed to be the amount received or receivable by the Company in consideration of the issuance of such rights or options (plus the minimum aggregate amount of premium or additional consideration then payable to the Company upon the exercise of such rights or options) before deducting therefrom any commissions or other expenses paid or incurred by the Company for any underwriting of, or otherwise in connection with, the issuance of such rights or options.

(8) If the Company shall have outstanding on or after July 1, 1964 any shares or obligations (other than the Notes) convertible into or exchangeable for Common Shares, or any rights or options to subscribe for or to purchase such convertible or exchangeable shares or obligations (other than the Notes) and the price per share at which Common Shares are deliverable upon conversion or exchange of such shares or obligations (determined by dividing (x) the total amount received or receivable by the Company in consideration of the issuance of such shares or obligations or of such rights or options, plus the minimum aggregate amount of premiums, if any, then payable to the Company upon the conversion or exchange of such shares or obligations and upon the exercise of such rights or options, by (y) the total maximum number of Common Shares necessary to effect the conversion or exchange of all such shares or obligations) shall be less than the current conversion price, at the close of business on July 1, 1964 or on the date of the issuance of such convertible or exchangeable shares or obligations or of such rights or options, whichever is later, then the Company shall be deemed to have issued, as of such later date, the total maximum number of Common Shares issuable upon the conversion

or exchange of such shares or obligations then outstanding; *provided, however*, that if the conversion or exchange price, determined as above specified, provided for in such shares, obligations, rights or options should by the terms thereof (other than provisions for adjustment of such price of the general nature set forth in this Article II) change at any time on or after July 1, 1964, then the Company shall be deemed to have issued, with respect to such shares or obligations, at the close of business on the date of such change (i) the total maximum number of Common Shares issuable upon the conversion or exchange of such shares or obligations then outstanding, or with respect to which such rights or options are then outstanding, but only if the new such conversion or exchange price shall be less than the current conversion price at the close of business on the date of such change, and (ii) (without duplication) the total number of Common Shares theretofore issued pursuant to such shares or obligations which shall have been converted or exchanged since July 1, 1964. For the purposes of the foregoing proviso, the expiration of any right to convert or exchange shares or obligations or of any right or option to subscribe for or purchase convertible or exchangeable shares or obligations shall be deemed to be a change in the price per share at which Common Shares are deliverable upon conversion or exchange of such shares or obligations. The consideration received by the Company for the issuance of Common Shares, not in fact issued but deemed to have been issued under this paragraph (8), shall be deemed to be the amount received or receivable by the Company in consideration of the issuance of such convertible or exchangeable shares or obligations or such rights or options (plus the minimum aggregate amount of premium or additional consideration then payable to the Company upon the conversion or exchange of such shares or obligations and the exercise of such rights or options) before deducting therefrom any commissions or other expenses paid or incurred by the Company for any underwriting of, or otherwise in connection with, the issuance of such shares, obligations, rights or options.

(9) Except as expressly provided in paragraph (7) or (8) of this Subdivision A, the consideration actually received by the Company for any Common Shares issued upon the conversion or exchange of stock or obligations or upon the exercise of rights or options, which pursuant to paragraph (7) or (8) of this Subdivision A is deemed to have been received, shall not be included in subclause (b) of clause (i) of this Subdivision A for the purpose of computing the current quotient.

B. If the Company at any time after February —, 1957 has subdivided or shall subdivide the outstanding Common Shares, the conversion price in effect prior to such subdivision shall be proportionately decreased; and if the Company at any time after February —, 1957 has combined or shall combine the outstanding Common Shares, the conversion price in effect prior to such combination shall be proportionately increased. As to any such subdivision or combination which has occurred or shall occur on or prior to July 1, 1964, the adjustments provided for in this Subdivision B shall become effective at the close of business on July 1, 1964, adjustment being made at that time successively for each such subdivision or combination in the order in which they shall have occurred. As to any such subdivision or combination which shall occur after July 1, 1964, any such adjustment shall become effective at the close of business on the date that such subdivision or combination shall become effective. In any adjustment of the conversion price pursuant to this Subdivision B, the conversion price shall be computed to the nearest cent.

C. No adjustment of the conversion price shall be made as a result of or in connection with the issuance of Common Shares of the Company pursuant to options and stock purchase agreements granted or entered into with officers or employees of the Company or any subsidiary thereof in connection with their employment, whether entered into at the beginning of the employment or at any time thereafter.

D. Whenever the conversion price is adjusted, as herein provided the Company shall promptly secure a certificate of a firm of independent chartered accountants setting forth the conversion price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Such certificate shall be conclusive evidence of the correctness of such adjustment.

5. The Company shall not be required, in connection with any conversion, to issue a fraction of a Common Share nor to deliver any stock certificate representing a fraction thereof, but in lieu thereof, the Company may make a cash payment equal to such fraction multiplied by the market price of the Common Shares determined on the conversion date as hereinafter set forth, or the Company may issue non-dividend bearing, non-voting Common Share Scrip (exchangeable for shares when surrendered in amounts aggregating a full share) in such form, bearer or registered, in such denominations, and containing such other terms and provisions as the Board of Directors of the Company may from time to time determine prior to the issue thereof. The market price of the Common Shares for the purpose of computing payments to be made for fractional shares shall be the closing sales price (or if there were no sales, the closing bid price) on the Toronto Stock Exchange or, if the Common Shares are not listed on such Exchange, the closing bid price on the Toronto over-the-counter market.

6. In case of any reclassification or change of outstanding Common Shares (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary in which merger the Company is the continuing corporation and which does not result in any reclassification or change of outstanding Common Shares), or in case of any sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety, the holder of this Note shall have the right thereafter (but only after July 1, 1964) to convert this Note into the kind and amount of shares and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of Common Shares of the Company into which this Note would have been convertible in the absence of such reclassification, change, consolidation, merger, sale or conveyance. In the event of any such reclassification, change, consolidation merger, sale or conveyance, the provisions of this Article II shall be appropriately modified to the end that such provisions shall thereafter be applicable, as nearly as may be, in the same manner to any shares, other securities or property thereafter deliverable upon the conversion of this Note.

7. The Company covenants that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of Notes as herein provided, such number of Common Shares as shall be issuable upon the conversion of all outstanding Notes. The Company covenants that all Common Shares which are issued upon conversion of Notes will be duly and validly issued and fully-paid and non-assessable.

8. Before taking any action which would cause an adjustment reducing the conversion price below the then par value of the Common Shares, the Company will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully-paid and non-assessable Common Shares at such adjusted conversion price.

The Company covenants that if any Common Shares, required to be reserved for purposes of conversion of Notes hereunder, require registration with or approval of any governmental authority under any law, or listing on any securities exchange, before such shares may be issued upon conversion, the Company will in good faith and as expeditiously as possible endeavor to cause such shares to be duly registered, or approved, or listed on the relevant securities exchange, as the case may be.

9. The issuance of certificates for Common Shares upon the conversion of Notes shall be made without charge to the converting Noteholders for any tax in respect of the issuance of such certificates, and such certificates shall be issued in the respective names of, or in such names as may be directed by, the holders of the Notes converted; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in a name other than that of the holder of the Notes converted, and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

III

This Note is subject to redemption at any time after July 1, 1964 and prior to maturity, at the option of the Company either as a whole or from time to time in part, upon payment of the redemption price of 105% of the principal amount hereof, together in each case with interest at the rate of 5½% per annum from the last preceeding May 1 to the redemption date whether or not the Company shall have had any Net Income for such period, upon notice mailed, first class postage prepaid, not less than 30 days or more than 60 days prior to the date fixed for redemption, to the holder of this Note.

In the event of any redemption of less than all the outstanding Notes the principal amount to be redeemed shall be allocated so that the principal amount to be redeemed from each Noteholder at the same time shall bear the same ratio to the aggregate principal amount then to be redeemed as the principal amount of Notes then held by such holder bears to the aggregate principal amount of Notes then outstanding; *provided, however*, that the Company may adjust the principal amount of Notes held by each Noteholder so to be redeemed so as to make such amount equal to the multiple of \$100 most nearly equal the principal amount which would have been redeemed in the absence of this proviso.

Upon notice of redemption being given as herein provided, the Company shall be obligated to redeem on the date specified in such notice at the principal office of the Company in Toronto, Canada, this Note or such portion hereof to be redeemed as is specified in such notice, all in accordance with the terms hereof, but only, if this Note is being fully redeemed, upon surrender hereof at such office for cancellation or, if this Note is being partially redeemed, upon presentation hereof at such office in exchange for a new Note for the unredeemed balance or, at the option of the holder and with the approval of the Company, upon presentation hereof at such office for notation hereon of the redemption.

If in connection with any redemption in full of this Note the Company shall deposit the redemption price hereof, together with accrued interest to the redemption date, with a chartered bank or trust company having an office in Toronto, Canada, and having a capital and surplus of at least \$5,000,000, in trust for the holder of this Note to be paid to such holder against surrender hereof on or after the date fixed for such redemption, and if such deposit is made under the circumstances specified in Paragraph 5(A) of Article I hereof, and if a notice of such deposit has been included in the notice of redemption, the Company shall upon the making of such deposit be relieved of all obligations under this Note, other than the right of the holder hereof to convert this Note as provided in Article II hereof.

IV

This Note shall become and be due and payable upon written demand to the Company by the holders of at least 25% in principal amount of the Notes then outstanding, if a decree or order shall have been entered by a court of competent jurisdiction adjudging the Company a bankrupt or insolvent or subject to the provisions of the Winding-up Act or Bankruptcy Act

or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of the Company or the sequestration of a substantial part of the property of the Company, and any such decree or order shall remain in force undischarged and unstayed for a period of 60 days; or if the Company shall institute proceedings to subject itself to the Winding-up Act or to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due; *provided, however*, that any such demand may be rescinded by the holders of a majority in principal amount of the Notes then outstanding, but no such rescission shall extend to or affect any subsequent event, the occurrence of which entitles the holders of at least 25% in principal amount of the Notes then outstanding to declare this Note due and payable.

V

The Company, with the consent of the holders of a majority in principal amount of the Notes then outstanding, may amend or supplement the provisions of this Note; *provided, however*, that no such amendment or supplement shall be effected unless the same amendment or supplement is made with respect to all other Notes at the time outstanding or thereafter issued, and *provided, further*, that no such amendment or supplement shall, without the consent of the holder of this Note, reduce the amount of interest, principal or premium payable on this Note or change the dates on which such principal, interest or premium is payable or increase the price at which this Note is convertible into Common Shares of the Company as provided in Article II. The Note Purchase Agreement referred to in the second paragraph of this Note contains provisions restricting the right of the Company to amend the provisions of this Note without the consent of the holders of specified proportions of certain Senior Indebtedness.

VI

The obligations on the part of the Company expressed herein are solely corporate obligations and no action, suit or proceeding shall be instituted or maintained in respect thereof against any officer, director or shareholder (present, past or future) of the Company, either directly or through the Company or otherwise. Nothing contained herein shall be taken, however, to prevent recourse to and the enforcement of the liability of any shareholder of the Company for uncalled capital or the liability of any such shareholder upon unsatisfied calls.

VII

The Company may deem and treat the payee of this Note as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest and premium, if any, due hereon, and for all other purposes; and the Company shall not be affected by any notice to the contrary.

VIII

This Note shall be construed in accordance with the laws of the Province of Ontario.

IX

The following terms when used in this Note shall have the meanings set forth below:

Bonds:

The term "Bonds" shall mean as of any particular time all First Mortgage Pipe Line Bonds then outstanding under the Deed of Trust and Mortgage, dated as of January 1, 1957, entered into between the Company and National Trust Company, Limited, as Trustee.

Debentures:

The term "Debentures" shall mean as of any particular time all Debentures then outstanding under the Indenture dated as of January 1, 1957 entered into between the Company and Montreal Trust Company, as Trustee.

Designated Representative:

The term "Designated Representative" shall mean, as applied to any class of Senior Indebtedness which shall have been issued under an indenture, the trustee under such indenture, except that, if any other person shall be designated in writing to the Company by the holders of a majority of the outstanding principal amount of such class of Senior Indebtedness, such person shall be the Designated Representative of such class, and, as applied to any other class of Senior Indebtedness, the person designated in writing to the Company by the holders of a majority in outstanding principal amount thereof, or, in the absence of such designation, the person designated in writing by the Company.

Net Income of the Company:

The term "Net Income of the Company" for any calendar year shall mean the amount which the Company would be permitted to pay as dividends on its common shares under the provisions of §5.19 of the Deed of Trust and Mortgage, dated as of January 1, 1957, entered into between the Company and National Trust Company, Limited, as Trustee, if the period provided for in said §5.19 had commenced at the beginning of said calendar year (or the Initial Completion Date as defined in said Deed of Trust and Mortgage if said Initial Completion Date shall have occurred during said calendar year) and ended at the end of said calendar year.

Other Senior Indebtedness:

The term "Other Senior Indebtedness" shall mean Senior Indebtedness other than the principal of and the premium, if any, and interest on all Bonds and Debentures at any time outstanding.

Senior Indebtedness:

The term "Senior Indebtedness" shall mean (i) the principal of, and premium if any, and interest on all Bonds, (ii) the principal of, and premium, if any, and interest on all Notes at any time outstanding under the Bank Credit Agreement, dated as of February 11, 1957, between the Company and The First National City Bank of New York, Mellon National Bank and Trust Company and J. P. Morgan & Co. Incorporated, (iii) the principal of and interest on all Debentures, and (iv) the principal of and premium, if any, and interest on all other indebtedness of the Company which is for money borrowed by the Company or for money borrowed by others and guaranteed and assumed by the Company, whether now existing or hereafter incurred, *provided, however*, that indebtedness shall not be deemed to constitute Senior Indebtedness if by the terms of the instrument evidencing or creating the indebtedness it is provided that such indebtedness is not superior in right of payment of principal of and premium, if any, and interest on the Notes. The provisions of this definition shall not be deemed to affect the priority among classes of Senior Indebtedness provided for in Article I of this Note.

Senior Indebtedness Default:

The term "Senior Indebtedness Default" shall mean the occurrence of any event which would permit the holder or holders of any class of Senior Indebtedness or its or their Designated Representative to declare such Senior Indebtedness due and payable prior to the stated maturity thereof.

IN WITNESS WHEREOF, TRANS-CANADA PIPE LINES LIMITED has caused its Corporate Seal or a facsimile thereof to be hereto affixed or imprinted hereon and this Note to have been executed by its President or one of its Vice-Presidents by its Secretary or one of its Assistant Secretaries as of the day of , 19 .

TRANS-CANADA PIPE LINES LIMITED

.....
President or Vice-President

.....
Secretary or Assistant Secretary

[CORPORATE SEAL]

SCHEDULE I

FORM OF DEED OF SUBORDINATION

(Blanks are to be completed and appropriate omissions made as the circumstances may require.)

DEED OF SUBORDINATION dated _____, by _____, as the holder of 5½% Subordinated Convertible Income Notes due 1987 (herein called the "Notes") of Trans-Canada Pipe Lines Limited (herein called the "Company") to _____ as holders of _____ of the Company, which may be now held or hereafter acquired by them constituting certain Senior Indebtedness as defined in the Notes, and _____ as Trustee under _____ dated as of _____, between the Company and _____ as Trustee (herein called the "Holder of Senior Indebtedness");

WITNESSETH:

WHEREAS, by the terms and provisions of the Notes, the execution and delivery of this Deed of Subordination has been provided for;

NOW, THEREFORE, pursuant to the provisions of the Notes:

1. The undersigned hereby covenants with each of the Holders of Senior Indebtedness that the rights of the undersigned and of its successors in interest are and shall be subordinated to the rights of the Holders of Senior Indebtedness and their respective successors in interest as Holders of such Senior Indebtedness in the manner, to the extent and with the same effect as if the terms and provisions of the Notes were set forth herein.

2. The undersigned hereby covenants with each Holder of Senior Indebtedness and its successor in interest that:

(a) It will observe and perform, in accordance with the terms of the Notes, all of the duties and obligations to or for the benefit of the holder of prior indebtedness which are imposed upon it by the provisions thereof; and

(b) It will from time to time, upon and in accordance with the request of the Company, execute and deliver further Deeds of Subordination in compliance with the Notes.

3. This Deed of Subordination shall be binding upon the successors of the undersigned and upon any person who may become a holder of any of the Notes presently held by the undersigned.

4. Neither this Deed of Subordination nor any provisions hereof can be waived, changed, discharged, or terminated except by an instrument in writing signed by the party against whom the enforcement of any waiver, change, discharge or termination is sought.

5. The validity of this Deed of Subordination shall be determined in accordance with the laws of the Province of Ontario.

[corporate signature]

IN WITNESS WHEREOF _____ has caused its corporate seal to be hereunto affixed, attested by the hands of one of its Vice Presidents and one of its Secretaries of _____, _____ as of the day and year first above written.

[individual signature]

IN WITNESS WHEREOF _____ has signed and sealed this agreement as of the day and year first above written.



